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Policy Review

Lies My Professor Told Me

THOMAS SOWELL GUENTER LEWY

After Sadat

P. J. VATIKIOTIS

How the Government Evades Taxes

JAMES T. BENNETT AND THOMAS J. DiLORENZO

Conservatism and Foreign Aid

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What Makes a Good School

TERRY EASTLAND

A Confederacy of Dunces

JOHN PODHORETZ

Reagan versus Thatcher

DAVID HALE

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Controversy

Foreign Policy

John Lenczowski ("A Foreign Policy for Reaganauts," Fall 1981) correctly denounces the lack of direction characteristic of U.S. foreign policy in the last decade. Unfortunately the author's prescription for a new foreign policy could turn out to be worse than the disease. Mr. Lenczowski fails to recognize the serious conflict that arises between a foreign policy based upon abstract and broadly defined values or ideology, and a policy acting on the need to guarantee our national security in terms of "unimpeded access to sea lanes, energy supplies, raw materials, and if necessary, foreign military bases."

The values of "political pluralism" and "the conduct of orderly and peaceful change" as well as freedom, equality, and democracy—indispensable elements of our heritage—breed self-righteousness, hypocrisy, and fanaticism when translated into foreign policy. A foreign policy that evaluates all nations based on an ideological spectrum, as the author would prefer, replaces rhetoric for substantive gains and politically essential goals and thus fails in both a moral and political sense. I am not arguing, however, in favor of a foreign policy determined solely by the immediate requirements of vital U.S. interests and stripped of all values or morality as this also cheapens the heritage of America which such policies profess to secure.

The overriding goal should be to seek a balance in U.S. foreign policy between the seemingly transcendent values of our domestic heritage on the one hand, and the requirements of narrowly defined and immediate national interests on the other. The well-known scholar of international relations, Raymond Aron, understands this dilemma when he argues that the best conduct is, "to act in accordance with the particular situation and the concrete data, and not in accordance with some system out of passive obedience to a norm or psuedo-norm; it is to prefer the limitation of violence to the punishment of the presumably guilty party or to a so-called absolute justice; it is to establish concrete accessible objectives conforming to the secular law of international relations and not to limitless and perhaps meaningless objectives, such as 'a world safe for democracy' " (*Peace and War*, p. 585).

Such a perspective of international politics and foreign policy does not contradict Mr. Lenczowski's contention that U.S. foreign policy must become more "active and positive," a position with which I completely agree. Rather the more prudent course in international politics provides a guide for determining and maintaining a balance between the ends and the means, which is essential for an effective U.S. foreign policy. Aware of the inherent conflict between values or morality, and political expediency in international politics, a more balanced approach to foreign policy, as outlined in Aron's statement, allows flexibility when dealing with the ever-changing international arena. A more effective foreign policy rejects "maximums" such as the

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author's statement that ideology must be the criteria to define "who are allies and who are enemies," or his argument that it is of "common observation" that the friendliness of states is dependent upon whether or not "it shares common values with us." Does Saudi Arabia share common values with us? A country ruled by a monarchy with a judicial system based on Islamic law and a culture vastly different to our own or the West in general, Saudi Arabia is considered, correctly, as an invaluable ally in the Middle East. What of other states in Africa and Asia such as Thailand, South Africa, and Somalia, to name a few, whose cultures and histories are vastly different from our own; yet the U.S. maintains friendly relations with these states and, in some cases, has even considered them allies. Any of these states' internal affairs could be considered antithetical to our own democratic values or western sense of human rights. Yet for strategic-diplomatic reasons these countries are of critical importance to our national security and world peace. This inevitable conflict between transcendent values and the exigencies of political expediency can and must be taken into account during the formulation and implementation of an effective foreign policy.

In his consideration of the East-West and North-South relationships the author recognizes the conflicting perspectives through which the East and the West view the natural state of international relations. What is significant, however, is not that the conflict exists but rather the cause of that conflict as explained by Marxist/Leninist ideology. According to this ideology, economic factors are the determining elements in the behavior of states, in particular the economic exploitation of one class by another. Yes, Marxist/Leninist ideology is a powerful force in the minds of men throughout the world, but that does not make it correct as an interpretation of international politics. Economic determinancy of which Marxist/Leninist ideology is only one example, is a simplistic and reductionist approach to explaining international relations and one which should not preoccupy U.S. foreign policy-makers in relation to the North-South challenge.

In an error in logic the author presents the Marxist argument that economics is the "base" of any political order and contends that where the North is prepared to entertain and accommodate southern demands and economic " 'rights,' the West accepts the legitimacy...of the ideological foundations of the East." The author then accepts the Marxist premise and equates the North-South with the East-West. I am sure the author is not a Marxist but his argument does not account for other possible elements that can enter into negotiations with any countries let alone the developing ones.

Whether or not the North-South relationship is a "dialogue" or a "conflict" is only partially attributable to economic issues. The North-South relationship should be viewed by the U.S. as an opportunity to strengthen our national security and world peace by finding areas of common interest and mutual benefit. Our policy toward the developing states, then, should not be motivated from a false sense of guilt or some misplaced feeling of responsibility for the South's current position. U.S. foreign policy should reflect its power and position in the world and recognize the fact that the Soviet Union intends to use the "plight" of the developing states in the power game against the West. The developing states will continue to replace Europe as the arena for East-

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West confrontation. However, to view the North-South relationship as only such an arena will leave the United States and the West impotent as a stabilizing and influential force in the developing states.

Burdin H. Hickok
Washington, D.C.

Mr. John Lenczowski does a wonderful job. His presentation, however, is marred by a simple but gigantic omission.

The reason we have *not* been "exporting the American idea" is because we no longer subscribe to or practice it at home. Of course, as Solzhenitsyn says, "there are many courageous individuals but they have no determining influence on public life." But for practical, operational purposes the "American idea" is defunct.

Whatever the shortcomings of the power bases in the Third World (and all other worlds) they are not blind, and even if one were foolish enough to believe so, there are a host of "ideologists" who are ever-present to point out to them that we are not practicing what we once preached, and therefore there is nothing lost in taking our largesse and using it as they see fit.

Also, what is far more important than inviting Solzhenitsyn to the White House is to pay heed to the warnings which he has repeatedly given us, that "political and intellectual bureaucrats show depression, passivity, and perplexity in their actions and in their statements and even more so in theoretical reflections to explain how realistic, reasonable as well as intellectually and even morally warranted it is to base state policies on weakness and cowardice" (Commencement address at Harvard, June 8, 1978).

Mr. Solzhenitsyn would also disagree with a "two track" concept—"on the contrary, only moral criteria can help the West against Communism's well-planned world strategy. There are no other criteria." (*Ibid.*)

Mr. Lenczowski seems to be aware of the primacy of "moral support," but it appears clear that it must not be watered down by our continuing to say one thing and doing another.

Robert W. Demers
Veneta, Ore.

John Lenczowski replies:

I have often shared Mr. Demers' despair about the condition of contemporary America. Indeed, in recent years we have not fully practiced what I have recommended we "preach." Nevertheless the core of the American idea *is* still alive. It is alive in our country's basic documents; it stirs among the great masses of the American people, if not among all of our political and intellectual bureaucrats, and it finds ever greater reflection in the policies and spirit of the new Administration which is assigning to many of these same bureaucrats the ever so "unpleasant" task of fostering growth and protecting freedom. For all the defects of our democracy (and it must be recognized that it will never be perfect), it still has great regenerative powers. And with the right kind of moral leadership, America can once again come to represent the worldly hope of all mankind.

In his thoughtful letter, Mr. Hickok raises the classic question of the tension between ideals or self-interest in foreign policy. Mr. Hickok is right when he says a balance is necessary between our values and our immediate national interests. But I must point out that this suggestion is by no means inconsistent with what I have proposed. My particular emphasis on

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values is merely to point out that pragmatic tactics or political expediency are impossible unless one is clear as to the goals or the direction any strategy or tactics may take.

My approach does not preclude whatsoever the kind of flexibility in policy that Mr. Hickok recommends. To the contrary, it can accommodate it quite well. In fact, it can even permit an alliance with Stalin to defeat Hitler, or an alliance with communist China to deter the communist USSR. In other words, this approach does recognize that the world is imperfect and that correspondingly imperfect decisions of policy must be made. But the pragmatic decision over which side to oppose or to join must still be defined by values. Invariably, it is a question of the expedient choice of the lesser of two evils, and not of sacrificing morality for political expediency.

In this connection, Mr. Hickok does not quote me accurately. I do not say that the friendliness of a state "is dependent *on whether or not 'it shares* common values with us.' " Instead I say: "whether or not a country will be friendly depends *largely* upon *how much* it shares common values with us." The distinction here is critical, for there is a continuum of degrees to which others share our values. And the plain fact is that some do more than others. Saudi Arabia shares our values more than Libya. Both are Islamic and have cultures vastly different from our own. But Saudi Arabia is anticommunist while Libya is considerably less so. Saudi Arabia chooses to respect the independence of its neighbors, while Libya does not. Both the USSR and communist China are equally repressive regimes; yet one is more aggressive internationally than the other.

In another point, Mr. Hickok describes my "error in logic" derived from the fact that I allegedly "accept the Marxist premise" that economics is the "base" of any political order and therefore equate North-South with East-West. To this I must respond that I do not accept this premise, nor have I done so in my article. In fact, I explicitly state (on p. 86) that "political models, domestic stability, ideological inclinations and international political alignments depend not so much on the fact of economic prosperity, but on the economic model *and the natural rights* that are the prerequisites for that prosperity." My emphasis on "natural rights" here underscores the fact that political, possibly cultural, and even philosophical or religious factors enter into the determination of political order.

I do agree with him that "the North-South relationship should be viewed as an opportunity to strengthen our national security and world peace by finding areas of common interest and mutual benefit"—and perhaps I should have emphasized this more. But as things stand today, there are few areas of common interest when so much of the Third World is demanding wealth created by us, ignoring the necessity and possibility of creating wealth themselves, and invoking "rights" based on an ideology alien to our own.

In short, my article does not call for a policy of blind obedience to abstract norms. Rather, it calls for the reforging of a foreign policy consensus based on traditional American values. It calls for the United States to enter the international political fray much in the same way a politician does domestically: we must have a positive program that offers people the hope of a better life; we must solidify on the basis of shared values the constituencies that already "vote" for us—our home front and our alliances; and we must try to seek out

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and win over constituencies heretofore unsympathetic to us. Unless we do these things, we will never win any "elections."

U.S. Unionism

Dear Sir:

In their spirited reply to Troy, Koeller and Sheflin (*Controversy*, Fall 1981), Freeman and Medoff (FM) raise a number of issues that require further elaboration.

At the outset, it should be emphasized that the specialist academic journal output of FM and other members of the "Harvard School" is both careful and substantive. The Harvard work on trade unions and productivity has firmly shifted the focus of investigation away from piecemeal and largely anecdotal evidence on the job regulatory practices of trade unions toward a systematic analysis of trade union impact. While protagonists of the Harvard School have found it difficult to proxy the variables of their "voice-theoretic" model, a number of important empirical regularities have been discovered; principally, of course, that trade unions are *cet. par.* associated with higher productivity and reduced turnover. In this sense, Troy, Koeller and Sheflin (TKS) may justifiably be accused of having given insufficient weight to what is after all an important research literature.

However, the authors were responding to a particular article by FM of a rather more "popularist" nature. FM themselves are active propagandists of the Harvard view of reality. At such times, their enthusiasm rather gets the better of their empirical evidence.

First, just as TKS have neglected much of the recent research literature emanating from Harvard and elsewhere on the relative wage and productivity effects of unionism, FM are themselves guilty of glossing over the emerging U.S. literature on the political role of unions and the potentially unrepresentative behavior of unions as political institutions. TKS may have taken FM's "two faces" a little too literally and thereby added a third face, but the point remains that trade unions will pursue their economic interests in the political market place and the two forms of union power are reinforcing. From a number of perspectives (e.g., inflation) it is clearly not enough to assume away as benign the actions of trade unions in the political arena. More concretely perhaps, we await a choice-theoretic analysis of what it is that trade unions seek to do. I, for one, await FM's forthcoming text (*What Do Unions Do?*, New York: Basic Books) with special interest in this regard, hoping to see a public choice-theoretic and not simply voice-theoretic analysis of trade unionism.

Second, the empirical work of FM *inter al.* has convinced me that the *static* allocative and X-inefficiency consequences of unionism are *probably* quite small—though the conclusion may be modified for other countries according to differing elasticities of demand and differing relative wage effects. But I interpret the thrust of the TKS argument as relating to the longer term effects of trade unions on efficiency; namely, on growth prospects and, at a pinch, the process of economic evolution. Here, I think Olson (1978) has alerted us to the deleterious influence of sectional interest groups, including trade unions. And it is precisely in the context of time-series analysis that the Harvard analysis is at its weakest. TKS and I detect that FM have passed rather too glibly over such longer term issues.

Third, FM's dismissal of Pencavel's

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(1977) common sense point is rather cavalier, partly for the above reason and partly because doubt must attach to the claim that trade unions "cause" enhanced productivity—even if indirectly. There are problems in controlling for firm effects in cross-section and other direction of causality problems. Also, there are a number of theoretical lacunae in the model. For example, while there is indeed likely to be a suboptimal provision of specific training in regular markets, what evidence is there that trade unionism will not cause over-investment in specific training? Again, one cannot be sanguine about the level of wage *costs* in such American industries as automobiles and steel and thereby ignore a possible link (beyond some threshold) between the proportion of value added paid out in wages and fringes and both productivity and capital formation.

To conclude: FM and their colleagues have presented us with a rich tapestry of empirical results, and clearly much advanced analysis of the vexed question of trade unions and productivity. They have raised important questions, while leaving others (*e.g.*, the retardation in U.S. productivity growth in the post 1973 period) unexplored, or neglected (the longer-run impact of unions on efficiency). Orthodoxy has been exasperated by, *inter al.*, the black-box of productivity-enhancing mechanisms and the more strident claims advanced on the basis of solid research. The paper by TKS betrays some such exasperations. May the debate continue!

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By the Numbers

THOMAS SOWELL

Ancient man worshipped spirits and signs. Modern man worships numbers and graphs. In both cases, this has put great power in the hands of those who have known how to manipulate the sacred symbols. Nowhere is this more painfully apparent than in so-called "social science"—and in the public policy decisions based upon it.

The problem is not with statistical complexities and subtleties—of which there are many—but with the uncritical reliance of the public, legislatures, and judges on data containing gross misconceptions, arbitrary presumptions, and sophisticated nonsense.

Smorgasbord Statistics

Numbers are no better than the definitions used in collecting them. The cliche of "adding apples and oranges" too often *understates* what happens in social science policy research. A veritable smorgasbord of heterogeneous items have often been added up to achieve statistics in favor of some goal or policy.

One of the historic uses of smorgasbord statistics was in Lenin's classic work, *Imperialism*. Lenin faced the formidable task of explaining why capitalism was prospering, when Marxian economic theory predicted its collapse. Lenin's answer was that the troublesome "surplus" capital of capitalist nations was being exported to under-developed countries. The statistical table designed to illustrate this used as *one* category, "Asia, Africa, and Australia." Another category was "America," including both North and South America—in other words, the whole western hemisphere.[1] The grossly disparate economies included in such broad, smorgasbord categories made it impossible to know if capital was flowing—on net balance—from industrial to nonindustrial nations, or vice versa. Lenin's bold assertions in the text could never be tested by the numbers in his table. Other data, tabulated in more specific categories, showed a very different picture from that suggested by Lenin. Modern capitalist economies tend to have put the over-

1. V. I. Lenin, *Imperialism: The Highest Stage of Capitalism* (International Publishers, 1939), p. 64.

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whelming bulk of their foreign investments into other modern capitalist economies. The United States, for example, has more invested in Canada than in all of Asia and Africa put together.[2]

A more contemporary source of smorgasbord statistics is the Census Bureau's definition of an "urban" community as any place with 2,500 inhabitants or more.[3] This covers everything from a rural village to a giant metropolis. This golden opportunity for tendentious statistics has, of course, not gone unused. A whole literature has built up around the concept of Megalopolis—a giant swarth of continuous "urban" development stretching "from southern New Hampshire to northern Virginia and from the Atlantic shore to the Appalachian foothills."[4] In reality, the average density of that area is one house per every twelve acres. A few cities like New York contained 87 percent of the people in Megalopolis, which has more greenery than concrete.[5]

Attempts to demonstrate or measure racial discrimination by employers often compare blacks and whites with the "same" education, measured by years of schooling. But the history of American education and contemporary test scores alike show that the same number of years in school in no way constitute the same education for blacks and whites. At one time, blacks in parts of the South had only two-thirds as many days scheduled in their school year as whites.[6] Thus, a black with twelve years of schooling would have had only as many classroom days as a white with eight years of schooling. Per pupil expenditure, class size, and teacher preparation have also differed substantially.[7] Whether in simple comparisons "holding education constant," or in more elaborate statistical equations, calling *different* education the *same* education reduces the rest of the argument to nonsense, even if sophisticated nonsense. Even when comparing college and university faculty members with doctoral degrees, education is still not the same. Black faculty members differ markedly from their

2. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (GPO, 1975), p. 870.

3. *Ibid.*, p. 3.

4. Jean Gottman, *Megalopolis* (MIT Press, 1962), p. 3.

5. B. Bruce-Briggs, "Land Use and Environment," *No Land is an Island*, ed. A. Lawrence Chickering.

6. Finis Welch, "Black-White Differences in Return to Schooling," *American Economic Review*, December 1973, p. 894.

7. E. Franklin Frazier, *The Negro in the United States* (The Macmillan Co., 1971).

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white colleagues: Their degrees are received later,[8] are distributed quite differently by field,[9] by academic ranking of the departments granting the degrees,[10] and in addition, the black faculty publish far less than the white faculty.[11]

One example of the difference this makes in conclusions is that, while white faculty members earn more than black faculty members as a group, black PhD-holding faculty in a given field generally earn more than their white counterparts.[12] *Merely by varying the level of detail, one can reach opposite conclusions from the same raw data.* In this case, as the statistics on qualifications become less of a smorgasbord, conclusions on the existence, degree, or direction of discrimination changes.

Even apparently simple quantitative concepts like age or height can give rise to smorgasbord statistics. American ethnic groups differ enormously in median age — some being a decade older than others, and at the extreme, Jews are more than a quarter of a century older than Mexican Americans.[13] Such age differences of course play havoc with intergroup comparisons of income, fertility, crime rates, and other age-related variables.[14] Because these median age differences reflect to some extent group differences in the number of children, direct economic comparisons of group populations (common in political rhetoric) have less validity than comparisons of individuals in the adult labor force (more common in legal cases involving "affirmative action"). Yet, even when comparing the ethnic composition of a business's employees with the ethnic composition of the adult labor force, age differences among ethnic groups have *not* been eliminated as a factor. Japanese American income earners are seven years older than Puerto Rican income earners, for example.[15] Seven years difference in experience and/or education is very substantial in the American econ-

8. Richard A Lester, *Antibias Regulation of Universities* (McGraw-Hill Book Co., 1974), p. 49.

9. Thomas Sowell, *Affirmative Action Reconsidered* (American Enterprise Institute, 1975), pp. 17–21.

10. *Ibid.*, passim.

11. *Ibid.*, p. 14.

12. Kent G. Mommsen, "Black Ph.D.s. in the Academic Market Place," *Journal of Higher Education*, April 1974, p. 261.

13. Thomas Sowell, "Ethnicity in a Changing America," *Daedalus*, Winter 1978, p. 221.

14. *Ibid.*, pp. 220–225.

15. Thomas Sowell, ed., *Essays and Data on American Ethnic Groups* (The Urban Institute, 1978), pp. 346, 382.

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omy, where age bracket differences in income are even greater than black-white differences in income.[16] In short, affirmative action case comparisons of group representation among a company's employees versus the relevant labor force are comparisons of groups with a smorgasbord of ages—and a different smorgasbord for each group.

The principle is much more general than the ages of ethnic groups. When any quantitative variable—age, height, number of children—is distributed differently across a whole range for different groups, it is likely to be distributed differently within any given interval as well. If group A and B in figure 1 have differing distributions of a variable, then treating all those in a given interval—from X to Y for example—as the "same" with respect to that variable is misstating the situation. Whatever effect that variable has will then be falsely attributed to some other variable. If the interval is made progressively smaller, we are *approaching* a comparison of individuals who are the same with respect to that variable. But when the interval is as large as adulthood, we are simply dealing with smorgasbord statistics.

Decorative Statistics

Even when statistics themselves are reasonably well defined, they may have no logical—as distinguished from topical—connection with the conclusions reached. From an analytical perspective, such statistics are largely decorative—providing a backdrop against which one can say things based on other considerations.

Perhaps the classic example of the use of decorative statistics was (and is) the Malthusian theory that poverty is caused by overpopulation. The first edition of Malthus' essay on the *Principle of Population* in 1798 contained virtually no data. It was essentially a theoretical exercise, despite Malthus' lifelong emphasis on empiricism. The second and later editions were many times larger than the first, in part because they contained data on a wide variety of subjects, ranging from the ratio of marriages to death in Russia[17] and the price of wheat in Spain[18] to Swiss birth rates.[19] The pur-

16. See U.S. Bureau of the Census, *Social Indicators 1976* (GPO, 1977), pp. 454–455.
17. Thomas Robert Malthus, *On Population*, ed. Gertrude Himmelfarb (Modern Library, 1960), p. 315.
18. *Ibid.*, p. 439.
19. *Ibid.*, p. 239.

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pose, in Malthus' words, was to "examine the effects of one great clause"[20] – the population principle – but *not* to test that principle itself. Regardless of what the population statistics might be in any country, it would be consistent with the Malthusian theory: "The natural tendency to increase is everywhere so great that it will generally be easy to account for the height at which the population is found in any country."[21]

However correct the judgment of a distinguished economist that "Malthus simply had no canons of evidence,"[22] the fact that the Malthusian population theory is very much alive after nearly two centuries – and numerous refutations[23] – suggests that decorative statistics may be quite effective, even if logically irrelevant. Moreover, Malthus and his latter-day followers have succeeded politically in the teeth of massive empirical evidence that *food supply increases faster than the population*, both in Malthus' time[24] and in our own.[25] Not all credit for their success goes to decorative statistics, however. They have also conceptually identified poverty with overpopulation in the public mind, so that to deny Malthus' theory has been equated with denying the grim realities of poverty and famine.

Sometimes particular statistics would be quite relevant to the issue at hand if they were what they claimed to be, but are in fact merely decorative because they are not. One of the often-cited findings of research on worker productivity is that output per man hour declines as weekly hours of work increase beyond forty. The landmark study from which this conclusion came was primarily a study of *piece workers*[26] and it has been noted at least as far back as Adam Smith that piece workers tend to work at a different pace

20. *Ibid.*, p. 151.
21. *Ibid.*, p. 94.
22. George J. Stigler, *Essays in The History of Economics* (University of Chicago Press, 1965), p. 169.
23. *See*, for example, Kenneth Smith, *The Malthusian Controversy* (Routledge & Kegan Paul, 1951), *passim. See also* Thomas Sowell, *Classical Economics Reconsidered* (Princeton University Press, 1974), pp. 87–95.
24. Thomas Sowell, "Sismondi: A Neglected Pioneer," *History of Political Economy*, Spring 1972, p. 82; Thomas Sowell, *Say's Law: An Historical Analysis* (Princeton University Press, 1972), p. 162.
25. W. Howard Wriggins and James F. Guyot, eds., *Population Politics and the Future of Southern Asia* (Columbia University Press, 1973), p. 53.
26. U.S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 917, *Hours of Work and Output.*

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from workers paid by the hour.[27] Hourly paid workers in the *same study* performed as well up to fifty-eight hours a week as they did at forty hours.[28]

No Statistics At All

One of the great, untested doctrines of our time is that deviations from a random distribution of people in various institutions and activities—jails, universities, jobs—both indicate the presence and measure the degree of discrimination. One well-known economist has simply *defined* discrimination as all differences in life prospects,[29] without troubling himself as to whether these differences may be due to the actions or inactions of the individual or group in question, or to the actions or inactions of others. Other supporters of the doctrine that non-random statistical results ("imbalances," "disparities," "inequities") imply discrimination usually based this conclusion on a substantive theory rather than an arbitrary definition. Random results or proportional "representation" of groups are considered to be the results that *would* exist, except for institutional or societal policies adverse to some group or groups. Therefore, non-proportional representation demonstrates and measures discrimination against those adversely affected. This doctrine was carried to its logical extreme by four Supreme Court justices in the *Bakke* case. Allan Bakke "would have failed to qualify for admission" to medical school in a non-discriminatory world, they asserted,[30] for the minority applicants he outperformed in the real world would have outperformed him, without the educational and other handicaps of past discrimination. Similarly, in the *Weber* case, "any lack of skill" by minority employees competing with Brian Weber "has its roots in purposeful discrimination of the past."[31] In short, skills or other prerequisites would be proportionately distributed among people, and in turn, people would be proportionately represented in activities in institutions, in the absence of discrimination.

27. Adam Smith, *The Nature and Causes of the Wealth of Nations* (Modern Library 1937), pp. 81-82.
28. Max D. Kossoris, "Hours of Work and Output," *Monthly Labor Review*, July 1947, p. 14.
29. Lester C. Thurow, *Poverty and Discrimination* (Brookings Institution, 1969), p. 9.
30. *Regents of the University of California v. Bakke*, 438 US 265 (1978), at 365-366.
31. *United Steelworkers of America v. Weber*, 443 US 193 (1979), at 212 n.

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Perhaps even more important than the question of the merits or demerits of this crucial doctrine in contemporary social policy is the question as to why it has flourished as an axiom without being tested as an hypothesis. Evidence has seldom (if ever) been asked or offered—even in a legal context where this doctrine establishes a "rebuttable presumption" of guilt, that is, puts the burden of proof on the accused. It is especially ironic that, in an issue where numbers are used extensively, *no numbers* are given in support of the key presumption of random distribution.

One empirical test of the random distribution hypothesis might be whether random results are found in activities where discrimination is impossible or virtually impossible. If not, then discrimination might have to take a place as simply one of many historical or cultural factors creating non-random results, invalidating the automatic inference behind much social policy. One set of activities in which discrimination is not a factor would be activities in which each individual is free to make his own arbitrary choices—television program selections, opinions expressed to poll takers, votes on election day, card games selected to play. A considerable literature documents the non-random results of these choices, varying by race, income, education, and many other social variables. One of the most important decisions each individual is free to make is when to get married. Yet the age of marriage varies substantially from one ethnic group to another. Half of all Mexican American wives were married in their teens, while only 10 percent of Japanese American wives were married that young.[32] Not only is this an example of disproportionate distribution without discrimination; the implications of early marriage for later educational and career patterns suggest other disproportionate economic results likely to follow, independently of employer discrimination.

The random distribution hypothesis is likewise undermined by results that show groups without the power to discriminate—or themselves the victims of discrimination—disproportionately represented in *higher* level positions than those who hold the power to discriminate. Though little attention has been paid to such situations, they have been commonplace around the world.

Anyone even vaguely familiar with the history of severe anti-

32. Peter Uhlenberg, "Demographic Correlates of Group Achievement: Contrasting Patterns of Mexican-Americans and Japanese-Americans," *Race, Creed, Color, or National Origin*, ed. Robert K. Yin (F. E. Peacock, 1973), p. 91.

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Asian discrimination in the United States[33] must recognize that Chinese American and Japanese American incomes *above* the national average (nearly one-third higher for the Japanese[34]) cannot be a result of any absence of discrimination, much less any power of these two small groups to discriminate against other Americans. Historically, Chinese minorities in Southeast Asia have been discriminated against for centuries throughout that region of the world,[35] and are still subject to many explicit, legislative restrictions on where they may work, live, or invest[36]—quite aside from sporadic outbreaks of violence against them throughout history that have taken their lives by the hundreds or the thousands.[37] Yet, despite all this, the 36 percent of the Malaysian population that is ethnically Chinese came to control 85 percent of the retail trade in that country. The Chinese have also controlled more than 70 percent of the retail trade in Thailand (where they are 9 percent of the population), Vietnam (less than 1 percent), Indonesia (3 percent), and the Philippines (less than 2 percent).[38] They have shown similar—or greater—levels of dominance in other industries in that area of the world, such as manufacturing, rice mills, and import-export businesses.[39]

The Italians in Argentina have likewise suffered historic discrimination from the Argentines, but as early as 1909, Italians in Buenos Aires outnumbered the Argentines nearly two-to-one as proprietors of inns, more than two-to-one as proprietors of green groceries, more than three-to-one as owners of coal depots and shoe stores, more than five-to-one as owners of dairies and vegetable stores, and more than ten-to-one as proprietors of barbershops and wine and liquor stores.[40] In Brazil, the Portuguese majority

33. *See* Jack Chen, *The Chinese of America* (Harper & Row, 1980); William Petersen, *Japanese Americans* (Random House, 1971).

34. Thomas Sowell, "*Weber* and *Bakke* and the Presuppositions of 'Affirmative Action,' " *Wayne Law Review*, July 1980, p. 1319.

35. Yuan-li Wu and Chun-hsi Wu, *Economic Development in Southeast Asia: The Chinese Dimension*, (The Hoover Institution Press, 1980), pp. 39-40; Victor Purcell, *The Chinese in Southeast Asia* (Oxford University Press, 1965), pp. 101, 107, 139, 144-145, 346, 449, 487-489, 509, 516-518, 535-537, 564; Lennox A. Mills, *Southeast Asia* (University of Minnesota Press, 1964), pp. 114-115, 117, 132-134.

36. Yuan-li Wu and Chun-hsi Wu, *op. cit.*, pp. 173-179.

37. Victor Purcell, *op. cit.*, pp. 101, 239, 252, 406, 474-476, 478, 514, 519.

38. Yuan-li Wu and Chun-hsi Wu, *op. cit.*, p. 133.

39. *Ibid.*, pp. 71, 78, 85.

40. Robert F. Foerster, *The Italian Emigration of Our Times* (Arno Press, 1969) p. 262.

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has long been dominant politically, but *non*-Portuguese Brazilians had by 1935 created more than two-thirds of the industrial enterprises in the state of Sao Paulo.[41]

Even choices of occupational specialities among people of comparable educational levels show pronounced differences. Approximately equal numbers of Chinese and Malay college students in Malaysia have radically different choices of fields—the Malays outnumbering the Chinese three-to-one in liberal arts, and the Chinese outnumbering the Malays by more than two-to-one in medicine, eight-to-one in science, and fifteen-to-one in engineering.[42] Among faculty PhDs in the United States, Chinese Americans and Japanese Americans have 47 percent higher "representation" than whites in the natural sciences. Their PhDs are also from higher ranked departments than those of whites, and they publish more than whites.[43]

The racial or ethnic composition of military forces rarely matches, or even approximates, that of their respective societies:

> . . . [F]ew militaries in the world are roughly representative of the civilian populations in whose name they exert coercive force. In ethnically plural societies, the asymmetry between the civilian population and military is often particularly striking.[44]

Some of this disproportionate representation might well be a result of discrimination, but the worldwide prevalence of such disproportionality raises questions. Moreover, sometimes it is the victims of demonstrable discrimination in the society—blacks in the United States, for example—who are over represented in the military, while in other countries it is precisely the numerically or politically dominant group that is over represented. Among white military personnel in South Africa, for example, Afrikaners greatly outnumber the British—far more than in proportion to their slight majority in the white population.[45] No doubt there are social and economic reasons for this. The point here is simply that discrimi-

41. Emilio Willems, "Brazil," *The Positive Contribution by Immigrants*, Oscar Handlin (ed.) *et al.* (Paris: United Nations Educational Scientific and Cultural Organization), p. 129.

42. Yuan-li Wu and Chun-hsi Wu, *op. cit.*, p. 57.

43. Thomas Sowell, *Affirmative Action Reconsidered*, p. 17.

44. Cynthia Enloe, *Police, Military and Ethnicity* (Transaction Books, 1980), p. 67.

45. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, pp. 226-227.

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nation cannot provide the sole—or major—explanation, if it is simultaneously to explain the over representation of blacks among U.S. military personnel and Afrikaners among white South African military personnel.

The Base Year Problem

"Trends" have long been a popular use of statistics, whether to predict the future or to assess the past. The problem is that a given set of statistics—no matter how well defined, accurately compiled, or analytically relevant—can lead to opposite conclusions, depending upon the arbitrary choice of the point at which to begin the series of data.

A central theme in the 1960 presidential election campaign was the need to "get America moving again" after a presumably low economic growth rate under the incumbent administration. Whether the growth rate at that point was unusually low or unusually high depended entirely on the base year in which to begin counting. The long-term average annual rate of growth of the Gross National Product of the United States—from the early twentieth century to 1970, for example—has been about 3 percent per year. As of 1960, the growth rate was as low as 1.9 percent (since 1945) and as high as 4.4 percent (since 1958). Whatever the influence of the incumbent administration on all of this, whether it was doing a wonderful job or a terrible job depended entirely on the base year arbitrarily selected.

Before-and-after studies can likewise reach opposite conclusions from the same data, depending on when they choose to begin counting "before." A recent, well-known study of crime in America, *Criminal Violence, Criminal Justice* by Charles E. Silberman, attempts to refute the notion that Supreme Court decisions of the Earl Warren era caused the soaring crime rates of recent times. Using before-and-after statistics, Mr. Silberman argues that courts today "prosecute, convict, and incarcerate a larger proportion of those arrested for a felony today than did *courts of the 1920s*"[46] (emphasis added). The Warren court era did not, of course, begin in the 1920s or 1930s but in 1953, and its landmark criminal law decisions are largely from the 1960s—*Mapp v. Ohio* (1961),[47] *Gideon*

46. Charles E. Silberman, *Criminal Violence, Criminal Justice* (Random House, 1978), p. 261.
47. 367 US 643.

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v. Wainwright (1963),[48] *Escobedo v. Illinois* (1964),[49] and *Miranda v. Arizona* (1966).[50] A look at before-and-after crime statistics based on the actual chronology of the Warren court would lead to directly opposite conclusions from those drawn by Mr. Silberman.

When Earl Warren became Chief Justice in 1953, the homicide rate in the United States was 4.8 per 100,000 population—lower than it had been in four decades.[51] The total number of criminal homicides in American urban centers of 25,000 or more people was no higher in 1953 than it had been in 1937,[52] even though the population of such urban centers had grown by more than 19 percent between 1940 and 1950 alone.[53] In short, the Warren court inherited not only a low homicide rate but one whose overall trend was *not* rising. But a sharp rise in homicides *began* in the 1960s—more than doubling from 1963 to 1971.[54] Before-and-after statistics are not necessarily conclusive, but insofar as they are cited at all, the "before" year chosen can change the conclusion completely.

Where an historical trend clearly does exist, before-and-after studies are especially misleading. If dandruff has been declining 10 percent per year for decades, and then a new anti-dandruff product goes into general use—followed by a 6 percent decline in dandruff—what would we conclude? That the new product was effective and responsible for the 6 percent reduction? Or might we suspect that it was ineffective and perhaps counter-productive, being responsible for there being 4 percent more dandruff than we would normally expect on the basis of historical trends? Those who market the product would no doubt claim credit for a 6 percent reduction in dandruff, ignoring the previous history.

Those whose product is automobile safety advertise it in much the same spirit. The National Highway Traffic Safety Administration (NHTSA) states:

> A concerted national effort to reverse the mounting toll of deaths, injuries and property damage began with the enact-

48. 372 US 335.
49. 378 US 748.
50. 384 US 436.
51. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, p. 414.
52. Computed from *Ibid.*, p. 413.
53. *Ibid.*, p. 11.
54. James Q. Wilson, *Thinking About Crime* (Basic Books, 1975), p. 17.

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ment of the basic motor vehicle and highway safety legislation in 1966. As a result, American motorists are safer than ever before in spite of tremendous increases in the volume of traffic. The combination of motor vehicle and highway safety standards, the programs to back them up and to enforce them, combined with research to continually improve the safety of the highways, vehicles, and the traffic flow have reduced the fatality rate by about 40 percent.[55]

Altogether, there have been "9,500 lives saved in 1974 thru 1976,"[56] according to the NHTSA. The previous trends in automobile safety—prior to 1966—are seldom mentioned in these before-and-after comparisons. Traffic deaths per 100 million vehicle miles had been declining for decades before the traffic safety legislation of the 1960s began "saving lives" statistically. As of 1925, there were about 18 traffic deaths per 100 million vehicle miles. This was cut by one-third by 1938[57]—saving more than 10,000 lives by the NHTSA way of looking at it. By 1947, the auto traffic death rate was less than half of what it was in 1926, and by 1956 the traffic death rate was about one-third of what it was in 1926.[58] Moreover, this reduction of auto fatality rates was taking place while the average speed of cars was increasing.[59]

It is by no means obvious how much of the automobile fatality reduction of today is a continuation of the historical trend that goes back several decades, and how much—if any—can be credited to automobile safety legislation and the many government regulations since 1966. Traffic deaths had fallen by 12.5 fatalities per million vehicle miles before the government's auto safety campaign began in 1966 and by an additional 1.5 fatalities per million vehicle miles since then. One of the few increases in traffic fatality rates—less than 6 percent—occurred during the mid-1960s,[60] and the NHTSA, of course, uses the mid-1960s as its base period in computing its own "lives saved," though part of the traffic fatality decline was only a return to a safety level achieved earlier. There

55. U.S. Department of Transportation, National Highway Traffic Safety Administration, *Motor Vehicle Safety 1978*, pp. 1-2.
56. *Idem.*, *Report of the NHTSA/FHWA Task Force*, p. 8.
57. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, p. 720.
58. *Ibid.*, p. 719.
59. *Ibid.*, p. 718.
60. *Ibid.*, p. 719.

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has also been a minor increase in the fatality rate (3 percent) between 1976 and 1978,[61] but federal officials take no credit for lives lost.

Surveying the Scene

Survey research, like other statistical sampling, can be valuable in direct proportion to the extent that its limitations are recognized, and disastrous to the extent that they are not. Perhaps the best known and most successful examples of survey research are the various polls used to predict election outcomes. But the effectiveness of these surveys for this limited purpose cannot be generalized to survey research in general. The peculiar characteristics of elections avoid three major pitfalls of survey research: (1) it is a sampling of *survivors*, who may differ considerably from the whole group in question, (2) it is a study of *intentions*, which may or may not be realizable at a cost that will be paid, and (3) it is a study of *individual* intentions, which may or may not be decisive in a complex system of interactions.

Generalizing from the experience of survivors is obviously hazardous. By surveying the military veterans returning home in 1945 and generalizing from their experiences, one could prove that no one was killed during World War II.[62] Comforting as this conclusion might be, its statistical validity would be open to question.

An inherent limitation of survey research is that only survivors —whether individuals or institutions—can be surveyed. Moreover, survival means persistence in the particular category or location being sampled. A retrospective study conducted on a given tract of land—a neighborhood or city, for example—cannot provide an unbiased sample of the history of that neighborhood or city over a span of time sufficient for large numbers of people to move in and out. Those who remain may be—and often are—quite different from those who leave. A study of businesses in an industry is a study of surviving businesses, in an economy where literally millions of businesses fail annually.[63]

In assessing the impact of the federal minimum wage law on

61. *Report of the NHTSA/FHWA Task Force*, p. 3.

62. George J. Stigler, "Professor Lester and the Marginalists," *American Economic Review*, March 1947.

63. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, p. 912.

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TABLE I

Number of Employees

	Firm A	Firm B	Firm C	Firm D	Firm E	Firm F
Before	20	20	20	20	20	—
After	22	—	22	—	22	22

employment, the U.S. Bureau of Labor Statistics has in the past relied on "data obtained by personal visits of Bureau field representatives" to individual firms, though the data obtained in this way were used to generate estimates "*relating to all establishments in the industry*. . ."[64] (emphasis in the original). But one of the ways a minimum wage law can affect an industry is by affecting the rate of bankruptcy. Those who survive to be surveyed do not necessarily represent the real story, and can easily represent an opposite story. For example, if an industry consists initially of five firms (firms A, B, C, D, E in Table I) and bankruptcies increase (firms B and D) faster than new businesses (firm F) enter, then the smaller number of surviving firms may each end up with more employees than before, as they share the work of the industry among fewer firms. The conclusion from the Bureau of Labor Statistics' survey procedure—applied to firms A, C, and E (the only ones in business both "before" and "after")—would be that employment had *risen* 10 percent in the industry, when in fact it had *fallen* 12 percent.

In reality, the adverse effect of the minimum wage increases on industry employment during the period of these kinds of surveys was so great that usually even individual firm employment was down.[65] But such data understated the full decline in employment, to the extent that bankruptcy rates were increased. Such studies have since been abandoned, whether for methodological reasons or because of embarrassing findings that a major part of

64. U.S. Department of Labor, Bureau of Labor Statistics, *Studies of the Effects of the $1 Minimum Wage*, BLS Bulletin No. 126, April 1957, p. 23.

65. *Ibid.*, Bulletin No. 111, p. 31; No. 112, p. 45; No. 115, pp. 39, 57; No. 124, pp. 4n, 19; No. 126, p. 9; No. 129, p. 9; No. 130, p. 13; No. 132, p. 13; No. 136, pp. 10, 29.

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the Labor Department's activities consisted of costing people their jobs.[66]

One of the controversies that survey research has attempted to resolve is whether American ethnic groups differ in their respective values to such an extent that this might constitute an important explanation of intergroup economic, educational, and other differences. The conclusion of such opinion surveys has often been that the basic values of disadvantaged groups are not significantly different from those of the larger society. Socio-economic differences are therefore not internally caused but are generated by the adverse actions and attitudes of others, if these survey conclusions are correct.

Questions about values are not questions about what one would do at zero cost, or ignoring costs, but what one would sacrifice to achieve what ends in the real world. Opinion surveys, however, are virtually free to the subject. It costs *nothing* to say that you would like to send your child to college, or for the child to say that he or she would like to become a doctor, though there are huge financial and psychic costs to behaving in such a way, over a long period of years, as to bring such hopes to fruition. For many, postponement of marriage and family formation is part of that cost. When Mexican Americans and Japanese Americans differ greatly on how early they get married, as already noted,[67] this seems far more indicative of trade-offs preferred than their answers to survey questions that carry no cost or reward. Election predictions are largely unaffected by this problem, for it usually costs little more to vote than it does to answer pollsters.

Individuals *vs* Systemic Relationships

In many kinds of systems—whether economic or ecological—what the individual intends is not decisive. Complex patterns of relationships may emerge in nature among various kinds of animals and vegetation, without any of them having intended such patterns to exist. Economists as different as Adam Smith and Karl Marx have recognized the same principle in an economy. Smith's

66. Section 4(d) of the Fair Labor Standards Act requires that the Labor Department make reports on the effects of the minimum wage on employment, but this requirement has been met with largely decorative statistics—topically connected but of no evidentiary relevance.

67. See footnote 32.

68. Adam Smith, *The Wealth of Nations*, p. 423.

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analysis led him to conclude that the businessman produces an economic result "which was no part of his intention."[68] Marx and Engels applied systemic analysis even more broadly, to history as well as to the economy, with Engels concluding that "what each individual wills is obstructed by everyone else, and what emerges is something that no one willed."[69] Modern economics is likewise an analysis of systemic relationships that are not simply the sum or average of individual intentions.

Survey research that determines individual intentions cannot assume that the end result—"what emerges"—will correspond to such intentions. Again, election results do not have this problem, because votes do not *interact* with each other, but are simply added up mechanically.

A landmark controversy in economics a generation ago was set off by surveys conducted and analyzed by Professor Richard A. Lester of Princeton University.[70] He concluded that businessmen's intentions and beliefs contradicted the conclusions of the prevailing systemic analysis among economists. But the surviving businessmen who answered Professor Lester's questionnaire were describing their perceptions of their particular situations, and not making an analysis of a complex economic system. The whole point of having such concepts as an "industry" or an "economy" is that there are *interactions* among the individual agents, leading to results that could not be predicted on the basis of individual intentions alone. When fire panics a crowd, each individual intends to flee faster by running than by filing out in the orderly manner of a fire drill, but fire drills are held precisely because interactions prevent this intention from being realized.

Ignoring the role of systemic interactions and inherent constraints makes it easy to farm out the analysis to the agents involved in the process—asking businessmen whether wage increases produce unemployment or asking octogenarians the secret of their longevity. When the U.S. Department of Labor did industry-by-

69. Karl Marx and Friedrich Engels, *Basic Writings on Politics & Philosophy*, ed. Lewis S. Fever (Anchor Books, 1959), p. 399.

70. Richard A. Lester, "Shortcomings of Marginal Analysis for Wage-Employment Problems," *American Economic Review*, March 1946, pp. 63-82; Fritz Machlup, "Marginal Analysis and Empirical Research," *American Economic Review*, September 1946, pp. 519-554; Richard A. Lester, "Marginalism, Minimum Wages, and Labor Markets," *American Economic Review*, March 1947, pp. 135-148; Fritz Machlup, "Rejoinder to an Antimarginalist," *Ibid.*, pp. 148-154; George J. Stigler, "Professor Lester and the Marginalists," *Ibid.*, pp. 154-157.

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industry studies of the effects of minimum wage increases, a standard question asked employers was whether they fired workers because their wages had risen. The Labor Department studies repeatedly (and triumphantly) showed that most employers did not give that as the reason for declining employment,[71] vindicating the departmental view that minimum wages were not causing unemployment—contrary to the systemic analysis of economists. But these very same studies also repeatedly showed that there were employment declines in the low-wage industries selected as being particularly affected by minimum wage changes.[72]

From a systemic point of view, it matters little whether an employer deliberately fires a worker when his wages rise, or tries to pass on the increase to the consumer in higher prices and then discovers that sales fall off enough to force cutbacks in his labor force—or whether the marginally profitable firms fail, leaving surviving employers free to continue hiring as many workers as ever. The data in low-wage industry studies repeatedly show employment declines in the wake of minimum wage increases, though the text of the studies invariably concluded that such increases had no effects—as shown by their surveys of employers.

Statistical Variance as a Federal Offense

Statistical averages have become the central focus of affirmative action policies. But variations around an average are as common and as central to statistics as the averages themselves. While we would expect that flipping a coin would produce *about* half heads and half tails, we would not expect *exactly* five heads and five tails whenever a coin is flipped ten times. Similarly, we might expect people of different races, sexes, and so forth, to be represented in jobs, colleges, and so on, in proportion to their representation among qualified applicants on the *average*, but with substantial *variations* from one situation to another, by random chance (even if all groups were identical in relevant characteristics and even if all employers were non-discriminatory). That is, even an ideal world would not eliminate statistical variance.

To show what statistical variance can do, I flipped a coin ten times and then repeated this experiment ten times. Here is how

71. U.S. Department of Labor, Bureau of Labor Statistics, *Studies of the Effects of the $1 Minimum Wage*, Report No. 111, p. 31; No. 113, p. 11; No. 115, p. 90; No. 124, pp. 5, 20; No. 126, p. 9; No. 129, p. 9; No. 132, p. 11.

72. See footnote 65.

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many times heads and tails came out in each ten flips shown in each set of boxes:

HEADS	3	4	3	4	6	7	2	4	5	3
TAILS	7	6	7	6	4	3	8	6	5	7

At one extreme, there were seven heads and three tails, and at the other extreme eight tails and two heads. Statistics not only have *averages*, they have *variance*. Imagine that you are the employer who ends up with eight employees from one group and two from another, even though both groups are the same size and no different and even though you have been unbiased in selecting. Try explaining to EEOC and the courts that you ended up with four times as many employees from one group by random chance! You are almost certain to be convicted of discrimination, even if you have only been guilty of statistical variance.

Of course some employers are biased, just as some coins are biased because of the way their weight is distributed on the design. The coin I flipped might have been biased; over all, it came up heads 41 percent of the time and tails 59 percent. But even if the coin was biased toward tails, it still came up heads seven times out of ten in one set of flips. If an employer were similarly biased in *favor* of a particular group, he could still be convicted of discrimination *against* that very group, if they ended up with less than half the "representation" of some other group.

No one needs to assume that my coin was unbiased or even that I accurately reported the results. Anyone can collect ten people and have them flip a coin ten times, to see the statistical variance for himself. Frivolous as this might seem, the results have deadly serious implications for the way people are convicted of violating federal laws, regulations, and guidelines.

It might be especially instructive if this little experiment were performed by editorial writers for publication who fervently support affirmative action, or by clerks of the Supreme Court.

Even when conclusions are based only on differences that statisticians call "statistically significant," this by no means eliminates the basic problem. What is statistically significant depends upon the probability that such a result would have happened by random chance. A common litmus test used by statisticians is whether the event would occur more than 5 times out of a hundred by random chance. Applying this common test of statistical significance to affirmative action means that even in the most ex-

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treme case imaginable—zero discrimination and zero difference among racial and ethnic groups—the EEOC could still run 10,000 employers' records through a computer and come up with 500 "discriminators."

What this means is that the courts have sanctioned a procedure which insures that large-scale statistical "discrimination" will exist forever, regardless of what the actual facts may be. They have made statistical variance a federal offense.

Statistical analysis is a complex and subtle specialty, but most of the failings of social science policy research are not due to that complexity or subtlety. More commonly, they result from ignoring some basic principles easily understood by non-statisticians, if they would take the trouble to stop and think—even in the excitement of a political crusade.

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Academic Ethics and the Radical Left

GUENTER LEWY

According to a widespread view among radical social scientists, agencies of socialization in America such as schools disseminate the values of the ruling class. The objective of primary and secondary education is "to propagate a devotion to the dominant values of the American system," to encourage an uncritical view of American political and economic institutions.[1] The schools "reinforce deprivation by propagating rationalizations or by avoiding pertinent discussion"; individuals and groups therefore "cannot recognize what is in their interest and that of the population at large."[2] Higher education, so the argument runs, for the most part, involves simply "more sophisticated extensions of the same socialization." It provides little encouragement to socially heretical elements, and if students occasionally participate in protest activities it is not because of, but in spite of, the education they have received.[3] Scholars and intellectuals function as managers of legitimation; political scientists serve as "high priests of the system, teachers who propound the truths and glories of American democracy to the young and thereby generate and sustain its myth."[4]

This appraisal of education in contemporary America is, I submit, tendentious and largely false. First, it should be pointed out that to the extent that American schools indeed succeed in inculcating a positive attitude toward the democratic system of government—and the evidence on this is mixed at best—they do thereby encourage adherence to the values of a pluralistic society, a society not dominated by any one elite group and open to change. An affirmation of the principles of pluralist democracy, therefore, is inherently different from an acceptance of capitalism, socialism, communism, or any other ideological creed. It is indicative of the western democracies' loss of self-confidence that many of their intellectuals today hesitate—considering it naive patriotism—to de-

1. Michael Parenti, *Power and the Powerless* (New York, 1978), pp. 117–18.
2. Klaus Mueller, *The Politics of Communication: A Study in the Political Sociology of Language, Socialization, and Legitimation* (New York, 1973), p. 23.
3. Parenti, *op. cit.*, pp. 159–62.
4. H. Mark Roelofs, *Ideology and Myth in American Politics: A Critique of a National Political Mind* (Boston, 1976), p. 150.

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fend the merits of a political system fervently admired by dissidents in the communist world who cannot take "bourgeois liberties" for granted.

Second, while in the past American schools have often been doctrinaire—for example, in identifying democracy with free enterprise—during the last two decades elementary and secondary education in America have begun to reflect new currents of thought and much openness to heterodox ideas and values, and this change is especially pronounced in higher education. One measure of this new situation is the fact that college and university teachers today are distinctly more liberal in their political outlook than the population at large. Survey data, taken in 1969, for example, reveal the following political self-characterization (the figures represent the percentage of those who identified themselves with a specific political ideology)[5]:

	Faculty	U.S. Public
Left	5	4
Liberal	41	16
Middle-of-the-Road	27	38
Moderately conservative	25	32
Strongly conservative	3	10

The percentage of left-liberal views was highest in the social sciences and humanities and among the more scholarly and highly achieving faculty. In the 1950s, the presence of a non-conformist maverick like C. Wright Mills at an elite institution such as Columbia University was considered a unique demonstration of academic freedom in America. Today the academy holds a sizable community of Marxists and radical teachers; those who complain the loudest that the university is merely a tool of capitalist interests cannot really explain their own presence in it. Seldom, it would seem, has an establishment spent so much money to support its own detractors.

Questioning Traditional Values

Many college courses today, especially in the social sciences, exhibit an adversary posture toward the operative ideals of American society; the questioning of traditional social institutions and

5. Everett C. Ladd, Jr., and Seymour M. Lipset, *The Divided Academy: Professors and Politics* (New York, 1975), Table 2, p. 26.

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values is often the new orthodoxy. The last few years have seen a weakening of the radical impulse on college campuses, but an attitude of general scepticism about many aspects of society and of political cynicism continues to be widespread.

While Marxists and radical college teachers persist in arguing that the colleges and universities of the country are pillars of the social and political status quo, many of them are at the same time busily engaged in using their position in the academy for the purpose of undermining this same status quo. The issue of political indoctrination that arises in connection with these activities, it should be stressed at the outset, is not one that involves radical academics only. Indoctrination is wrong and unprofessional whether it is carried out by the Left or Right, and radicals are undoubtedly not the only ones to abuse academic freedom. This essay concentrates on the radical professoriate because at the moment radical professors represent the most active and vocal group using the classroom for political propaganda, and because both administrators and faculty in the face of these practices often tend to look the other way.

The candor with which radical professors admit their political proselytizing may be one reason why these activities often go unchallenged. Since all teachers have political values, so academics often reason, bias is least harmful when it is openly acknowledged. In a recent volume, *Studies in Socialist Pedagogy*, several radical authors indeed openly affirm their commitment to political indoctrination. "It is not the accumulation of Marxist knowledge that is our aim for our students (or ourselves)," writes a sociologist, "but the development of revolutionaries, free of bourgeois values. . ." and free from the "false consciousness" from which students suffer.[6] The well-known political scientist Bertell Ollman notes that many obstacles stand in the way of students developing an appreciation of Marxism. The major hurdle "is the bourgeois ideology, the systematic biases and blind spots, which even the most radical bring with them." Also, "the very presence of a Marxist teacher who is allowed to teach Marxism is conclusive evidence to some that bourgeois freedom works—just as students from moderate backgrounds often take their own presence in class and in the university as proof that extensive social mobility and equality of opportunity really exist under capitalism." Nevertheless, Ollman affirmed,

6. Theodor Mills Norton and Bertell Ollman, eds., *Studies in Socialist Pedagogy* (New York, 1978), pp. 276 and 278.

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bourgeois ideology can and must be countered, and Marxism, the science of society and "the only adequate analysis of capitalism today," can be taught successfully. "If non-Marxists see my concern with such questions as an admission that the purpose of my course is to convert students to socialism, I can only answer that in my view—a view that denies the fact-value distinction—a correct understanding of Marxism (or any body of scientific truth) leads automatically to its acceptance."[7] Presumably, therefore, a student who does not agree that Marxism represents a scientific theory of society reveals a faulty understanding of scientific truth and should be graded accordingly.

In a review of this same book, two radical academics noted that while the radical thrust of the 1960s seems spent, in reality "radical ideas have spread and deepened. Nowhere is this more true than in the colleges and universities. There are hundreds, perhaps thousands, of openly socialist professors and many more 'fellow travellers.' There is hardly a conventional idea that is not under radical attack." Radical teachers now have an opportunity "to help their students to understand the bourgeois culture which oppresses them, to confront it, and to begin to construct the outlines of a new socialist society." They can get students to abandon their pseudo-values. "Obviously, when only the children of the rich and powerful attended college, radical professors, as teachers, could have no such expectations. . . . Now, however, college teaching itself can be an important radical activity and not simply a way to earn a living."[8]

Another sympathetic reviewer of *Studies in Socialist Pedagogy*, a radical political scientist, found some of the contributions to the volume weak, but he affirmed the central importance of "socialist pedagogy." Campus protests can dramatize oppression in the United States and strive to transform colleges in a progressive direction. But "the key college arena where teachers struggle . . . is our daily workplace: the classroom."[9] In an article, "Marxists and the University," a zoologist has called the "primary function of Marxists in the university" to "take part in what is, in fact, a class struggle." Universities, he argued, make ideological weapons which

7. *Ibid.*, p. 248.

8. James Scofield and Michael Yates, "Teaching Marxists to Teach," *Monthly Review*, vol. XXX, no. 9 (February 1979), pp. 60–61.

9. Mark Kesselman in *New Political Science*, vol. I, no. 2–3 (Fall–Winter 1979–80), p. 120.

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legitimate bourgeois rule. As workers in "a weapons factory engaged in the manufacture of instruments of class domination — our chief task must be to disrupt production. . . and attempt to create other weapons — counter-weapons — that can be put into the hands of people on the other side of the class struggle."[10]

"Indoctrination"

Among the arguments which radical academics use to defend their political proselytizing is the notion that *all* teaching is indoctrination and that their approach to instruction is simply more honest than that of their "bourgeois" critics. One can readily concede that the education of young children, especially the teaching of morality, involves elements of indoctrination in the sense that such youngsters are taught moral principles or are made to act in certain ways without being given detailed explanations or reasons for doing so. The child must learn certain elements of moral behavior before he can understand them, and it is only much later that a young person, having reached a degree of intellectual maturity and sophistication, will be able to assess critically the ideals and mores, part of his cultural heritage, acquired in his youth. But not all teaching is indoctrination. When students are taught to make valid inferences, to critically assess evidence and beliefs by rational means, to detect logical fallacies, to be aware of appeals to authority, and so on, we have education that is the exact opposite of indoctrination. The fact that not all teachers fully live up to these lofty standards of their craft does not eliminate the conceptual distinction between education and indoctrination. As Sidney Hook argues correctly:

> If all teaching entails indoctrination, what would the opposite of indoctrination be? Nonteaching? Ordinary English usage requires a distinction between teaching that indoctrinates and teaching, however rare, that does not. Even if all teachers indoctrinated, it would still be necessary to differentiate conceptually between indoctrination and its absence. Otherwise we could not even identify indoctrination. Even if all men were dishonest, there would still be a conceptual difference in the meanings of "honesty" and "dishonesty."[11]

Another argument enlisted by radical academics in defense of

10. Richard C. Lewontin, "Marxists and the University," *ibid.*, p. 26.
11. Sidney Hook, *Education for Modern Man: A New Perspective*, rev. ed. (New York, 1963), p. ix.

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political indoctrination is the claim that *all* teaching is political. To a large extent, the assertion that everything, including teaching, is political involves a platitudinous slogan. Of course, the university is a political institution because it is an integral part of society, because its members—administrators, faculty, and students—have economic interests and political biases, because what the university does has political and social consequences. The university is also political in the sense that when it decides to be pluralist and non-political and to oppose its politicization it makes a political judgment and engages in a political act. But this does not mean that the university is political in the same way that, say, a government agency is an instrument of public policy. Despite all human weaknesses and failings, the world of scholarship and teaching is not identical with the world of politics and its partisans and propagandists. It is only the recognition that we are dealing here with analytically distinct aspects of human conduct that allows us to think about the *proper* relationship between these two spheres.[12]

Radical academics also invoke the denial of the possibility of scientific objectivity, especially in the social sciences. Since everyone is subjective and biased, so the argument seems to run, everyone can be as happily partisan and partial as he likes. This position, it cannot be pointed out too often, is as destructive in practice as it is logically deficient in theory. It is, of course, generally recognized that a scholar may decide to study a certain problem as a result of very different motives—sheer intellectual curiosity or, at times, to further ideological commitments and concerns. But, as Ernest Nagel has pointed out, the fact "that the interests of the scientist determine what he selects for investigation. . . by itself, represents no obstacle to the successful pursuit of objectively controlled inquiry in any branch of study."[13] Indeed, the assertion that a scientist's values may color his conclusions is intelligible only on the assumption that there exists a distinction between factual and normative statements and that, in principle, it is possible to distinguish between them. It makes no sense to say that all knowledge is subjective unless, in line with the principle of significant

12. Cf. Heinz Eulau, "The Politicization of Everything: On the Limits of Politics in Political Education," in Vernon van Dyke, ed., *Teaching Political Science: The Professor and the Polity* (Atlantic Highlands, N.J., 1977), p. 59.

13. Ernest Nagel, *The Structure of Science: Problems in the Logic of Scientific Explanation* (New York, 1961), pp. 486–87.

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contrast, there exists at least the possibility of objective knowledge.

In a suggestive analogy Karl Popper has compared the status of truth in the objective sense, as correspondence to facts, to that of a mountain peak which is permanently, or almost permanently, wrapped in clouds:

> The climber may not merely have difficulties in getting there —he may not know when he gets there, because he may be unable to distinguish, in the clouds, between the main summit and some subsidiary peak. Yet this does not affect the objective existence of the summit, and if the climber tells us 'I have some doubts whether I reached the actual summit,' then he does, by implication, recognize the objective existence of the summit. The very idea of error, or of doubt (in its normal straightforward sense) implies the idea of an objective truth which we may fail to reach.[14]

Similarly one cannot assert that bourgeois ideology is biased without accepting a distinction between biased and unbiased thinking and thus admitting that such bias, in principle, can be overcome.[15] It is somewhat paradoxical that while Marxists deny the possibility of objective knowledge in the social sciences in general, they claim that Marxism can produce just such scientific truth since it represents *the* science of society.

Dealing with Bias

To be sure, many of the categories used by social scientists are indeed not value-free. When economists or sociologists speak of the "hardcore unemployed," for example, they make the implicit judgment that it would cost too much money to find work for such members of the under-class. Similarly, terms like "democracy" or "revolution" or "genocide" have evaluative connotations. Yet in principle as well as in actual practice it is possible for the social scientist to employ terminology that is essentially value-free.[16] Or, to put it differently, while complete objectivity and impartiality are probably never fully attainable, the scholar should pursue

14. Karl Popper, *Conjectures and Refutations: The Growth of Scientific Knowledge* (New York, 1968), p. 226.

15. Cf. R. F. Atkinson, *Knowledge and Explanation in History: An Introduction to the Philosophy of History* (Ithaca, N.Y., 1978), p. 79; W. G. Runciman, *A Critique of Max Weber's Philosophy of Social Science* (Cambridge, 1972), p. 58.

16. For some examples see Felix E. Oppenheim, " 'Facts' and 'Values' in Politics: Are They Separable?" *Political Theory* I (1973): 55–59.

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these goals of scholarship as if they could be realized and he will be judged by his success in achieving the disinterested pursuit of truth.[17]

The degree to which the scholar has overcome his biases can always be a matter of debatable more or less. But the self-corrective mechanisms of science as a social enterprise go a long way toward minimizing the problem of bias. The scholar is subject to certain canons of correct reasoning and technical competence which will help determine the validity of his results—he must take into account all material relevant to his topic, his findings must be in accord with evidence open to independent (intersubjective) check, he should always ask himself what rival interpretation of the evidence might alter his conclusions, and so on. To the extent that a scholar abides by these rules of his craft he will be considered a good, indifferent, or bad scholar. It is the existence of these rules and the expectation that they will be followed which distinguishes the social sciences, or even the writing of history, from the creative arts.[18] As the former Marxist, Leszek Kolakowski, has pointed out, one should, of course, not expect too much from the observance of such formal, technical requirements of scholarship:

> Such a humble code cannot eliminate disagreement derived from fundamental biases; it can, however, eliminate a good deal of purely ideological or simply dishonest work. To be satisfied with the general assertion that everything in the social and human sciences is purely and simply determined by political preferences and interests—as is common among those who advocate the subordination of the university to political assignments, said to be in any case inevitable—is to deny, against the obvious evidence, the ability of human reason to act according to the rules that it has itself created. This kind of protestant belief in the irreversible corruption of the human mind, is however, self-destructive; it can only avoid the antinomy of the liar if it is supplemented by the belief in another, incorruptible source of knowledge or divine origin, though the advocates of the totalitarian university today rarely seek this kind of assistance.[19]

17. Cf. Alan Montefiore, ed., *Neutrality and Impartiality: The University and Political Commitment* (London, 1975), p. 27.

18. Gordon Leff, *History and Social Theory* (Garden City, N.Y., 1971), pp. 109-10.

19. Leszek Kolakowski, "Neutrality and Academic Values," in Montefiore, *op. cit.*, p. 82.

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Finally, radical academics question the objectivity of the results of scientific inquiry by alleging that the consequences of such work are always political and hence ideological and partial. Here again, we deal with a logical confusion, for the fact that a certain finding of science or an historial account favors the interests of a certain group says nothing about the truth of these conclusions and does not establish that they lack objectivity.[20] The recent findings of some historians, for example, that the *Reichstag* (the German parliament building) in 1933 may indeed have been set afire by the Dutch communist Van der Lubbe and not by the Nazis undoubtedly has been a bonanza to neo-Nazi groups in Germany who have used these accounts to cast doubt on other charges of wrongdoing against the Hitler regime. But whether these findings are true or not, whether they are objectively demonstrated and established to be true or not, has absolutely nothing to do with their political significance. Too much of the evidence may have been lost and we may therefore never be able to reach final certainty on the question of who burned the *Reichstag*, but in principle we know how to pursue such an inquiry and its outcome need not and should not be affected by the question whose interests will be advanced by one conclusion rather than another.

Not all arguments against the possibility of objective scientific knowledge are politically inspired, but the attack of some segments of the Left on the objectivity of "bourgeois science" indeed appears primarily to serve to justify and excuse political indoctrination. Instead of proving that higher education promotes the interests of the dominant class and that their disregard of objectivity and impartiality is therefore perfectly in line with ongoing practice in the academy, many radical academics have revealed their contempt for what at one time were uncontested and generally accepted standards of professional conduct and scholarly integrity. This charge does not, of course, apply to all radical or Marxist scholars. Marxist premises can be very fertile for historical inquiry in particular, and in the hands of scholars like Christopher Hill, Eric J. Hobsbawm, Maurice Dobb, Eugene D. Genovese, and others the economic interpretation of history has been a valuable tool of analysis. On the other hand, for less capable minds this same materialist approach to history will often lead to uselessly vague or impossibly precise findings. This means that, in

20. Cf. Göran Hermerén, "Criteria of Objectivity in History," *Danish Yearbook of Philosophy*, XIV (1977): 28.

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the first case, they will lack any definite implications for historical reality, and, in the second, they will achieve testability at the price of falsity.[21]

Testability and falsifiability as criteria of scientific knowledge and truth are scorned by most Marxists, and for good reason. Their basic concepts have become for them unfalsifiable dogmas; Marxism, while claiming to be a science, has turned into a faith. Hence, like all believers, many Marxists will oppose the test of falsifiability. "If you insist," the philosopher Ernest Gellner points out, "that a believer specifies the conditions in which his faith would cease to be true, you implicitly force him to conceive a world in which his faith is *sub judice*, at the mercy of some 'facts' or other. But this is precisely what faiths, total outlooks, systematically avoid and evade."[22]

The commitment of science to rationality and respect for evidence can also be said to be an article of faith. "The means available to our science," acknowledged Max Weber, "offer nothing to those persons to whom this truth is of no value."[23] But a belief in the value of scientific truth is in a class by itself because it is essential for the acquisition of knowledge; there exists a *prima facie* case for rationality. Without a strong conviction concerning the value of a "due regard for truth" there can be no rational defense of any knowledge whatever.[24] Non-evidential ways of believing may have a place in religion and philosophy, but they are manifestly self-defeating in the sciences. Indeed, on the level of theory, even Marxists will embrace the value of rationality though many of them oppose the use of this same rational method as a test of their own dogmatic beliefs.

"A Due Regard for Truth"

Many radical academics today no longer practice a "due regard for truth." A sociologist who discusses the issues of crime and pollution in America as if they were a direct result of capitalism disregards data from other social and political systems which reveal the

21. Atkinson, *op. cit.*, p. 81.
22. Ernest Gellner, *Legitimation of Belief* (London, 1974), p. 176.
23. Max Weber, " 'Objectivity' in Social Science and Social Policy," in Maurice Natanson, ed., *Philosophy of the Social Sciences: A Reader* (New York, 1963), p. 417.
24. Cf. Thomas F. Green, "Indoctrination and Belief," in I. A. Snook, ed., *Concepts of Indoctrination: Philosophical Essays* (London, 1972), p. 42.

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same social problems and thus conveys a tendentious point of view rather than engaging in scholarly analysis. To praise life in the communist regimes of Cuba and Vietnam without mentioning the plight of political prisoners in these countries amounts to disrespect for evidence. To discuss leftist theories in terms of their ideological claims and slogans and without assessing their costs and consequences in terms of human suffering—something that is invariably and properly done when dealing with rightist and fascist ideologies—represents a breach of scholarly integrity.[25] When a Marxist political scientist, Bertell Ollman, writes, "People play no greater role in their political life than they did in Marx's time. . . . Socially, class, nation, religion and race remain prisons from which each individual must escape in order to establish truly human relations," he not only makes a fairly meaningless political judgment, to which he is entitled, but he also comes perilously close to the kind of polemical overkill which a true scholar should disdain.[26]

Departments of astronomy do not teach courses in astrology, and departments of chemistry do not offer instruction in alchemy. In the social sciences scientific standards are less clearly defined, but this should not mean a practice of complete *laissez faire*. Just because the social sciences lack a generally accepted theoretical framework, there is need for methodological pluralism; the claim pressed by many Marxists that their approach is the only correct one and that Marxism alone represents a science of society must be rejected categorically. Academic freedom is freedom to *teach* the truth but only in the sense of freedom to *seek* the truth.[27] Nobody has a monopoly on the truth and nobody is infallible; no ideological perspective can be granted preferred status.

Second, there is need for defining standards of practice and malpractice. Faculty and administrators should draw up codes of professional ethics that are based on the values of open-mindedness, impartiality and objectivity and which distinguish between instruction and indoctrination. For example, a teacher's discussion of

25. This example is given by Henry Novotny in a contribution to Sidney Hook et al., eds., *The Ethics of Teaching and Scientific Research* (Buffalo, N.Y., 1977), p. 68.

26. The quote is from Bertell Ollman, *Alienation: Marx's Conception of Man in Capitalist Society* (Cambridge, 1971), p. 245. My attention to it was drawn by Thomas H. Magstadt, "Can a Marxist be a Political Science Chairman?" *Chronicle of Higher Education* (February 20, 1979), p. 21.

27. Sidney Hook, *Academic Freedom and Academic Anarchy* (New York, 1970), p. 35.

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controversial and disputed issues should not make the assumption that there is only one right answer. Similarly, to study and expound a philosophy or social theory for the purpose of approving or denouncing it is not to study it with an open mind. The aim of these codes of professional conduct, enforced through peer judgment, should be to create a climate of opinion in which violators would feel out-of-place.

In its 1915 "Declaration of Principles" the American Association of University Professors had stated that a college used as an instrument of propaganda and indoctrination in the interests of a religious faith is not truly a university.[28] The same principle should hold for indoctrination in a secular faith like Marxism. The abuse of scholarship for the sole purpose of promoting specific ideological and political goals should be regarded as unprofessional conduct.

The "true teacher," wrote Max Weber in opposition to nationalistic scholars like Heinrich von Treitschke who indoctrinated their students from the rostrum, "will beware of imposing from the platform any political position upon the student, whether it is expressed or suggested. . . . the prophet and the demagogue do not belong on the academic platform."[29] This rule of professional conduct followed logically from Weber's distinction between fact and value and his insistence that "it can never be the task of an empirical science to provide binding norms and ideals from which directives for immediate practical activity can be derived."[30] It is the prerogative of Marxist and radical theorists to reject Weber's view of a value-free science, but in their teaching they should nevertheless be bound by the injunction not to mix cognitive statements and political and ethical beliefs.

Third, in some extreme and clear-cut cases—and only in those—peer decisions on appointment, promotion, and tenure may well have to take account of the ideological commitments of candidates. Radical academics who avow their disregard of objectivity and openly declare their intent to use the classroom for the education of revolutionaries lack the professional integrity and compe-

28. Cf. Charles E. Currant, "Academic Freedom: The Catholic University and Catholic Theology," *Academe*, LXVI (1980): 128.

29. H. H. Gerth and C. Wright Mills, eds. and trans., *From Max Weber: Essays in Sociology* (New York, 1958), p. 146.

30. Weber, " 'Objectivity' in Social Science and Social Policy," in Natanson, *op. cit.*, p. 358.

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tence that should be required of all members of the academy. To appoint such a person, especially in the humanities and social sciences, makes no more sense than it does to hire a hardline Catholic for a position as gynaecologist in charge of the birth control and abortion clinic.

In many cases, it will be difficult to make judgments about professional integrity and competence; there will be gray areas where it will be best to resolve any doubt in favor of the individual whose performance is questioned. But the existence of gray does not effect the possibility of telling black from white. It would be destructive of academic freedom to encourage a systematic probing of the political views of faculty members, but memories of the misdeeds of McCarthyism in the 1950s should not be allowed to paralyze all corrective action aimed at protecting the probity of the educational process in the 1980s. Even if college students are not as intellectually vulnerable as younger pupils, they are entitled to be educated rather than made the objects of consciousness-raising. "Those who are *sold* the myth of revolution, by an educated sleight of hand," an English sociologist has suggested, "need some form of consumer protection."[31] Both college faculties and administrators must assume responsibility for the prevention of political proselytizing in the classroom. If they fail to keep their own house in order outside forces will do the job for them, most likely with lasting damage to academic self-government.

Political Influence?

We do not know with any precision to what extent teachers are able to influence the political thinking of their charges. Most evidence suggests, writes a student of the subject, "that college experiences do not rework youth so that their initial characteristics are totally obliterated; what an individual is when he enters college amounts to most of what he is when he leaves."[32] And yet it would be surprising if young people were to remain entirely unaffected by a consistent questioning of the values of objectivity and rationality. When such radical scepticism is coupled with a pattern of unmitigated faultfinding concerning the workings of American society, the door is opened to political disillusionment and cynicism, attitudes displayed by many students today. The severe

31. Julius Gould, *The Attack on Higher Education: Marxist and Radical Penetration* (London, 1977), p. 47.

32. Dean Jaros, *Socialization to Politics* (New York, 1973), p. 128.

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problems which this society has faced in the last decade or so—the deterioration of the cities, ghetto riots, the war in Vietnam and the Watergate scandal—might well have created a crisis of legitimacy in the best of circumstances. But this crisis was blown out of all proportion by those who saw these difficulties not as challenges to be overcome but as proof of our moral depravity. It may well be, writes the political scientist Stanley Rothman,

> . . . that those in the general population who suspect that the deterioration of our social life is related in some degree to the fact that the intellectual community (including academics) has been telling us for some years how rotten we really are, are not entirely in error. The influence of one or another teacher is unimportant, but when the loudest voices in the intellectual community are committed to exposing the falsity of the values which sustain us, and documenting every wart on the body politic, it is not unreasonable to suspect that they may be helping to create the malaise they claim to be documenting.[33]

The number of radical academics in American colleges and universities remains relatively small, but, together with some of those who call themselves liberals and who often hold very similar negative attitudes toward the traditional values of American society, they do amount to a strong influence, especially in the humanities and social sciences and in elite schools. In whatever way one may wish to assess the long-range consequences of all this, one thing is rather clear: American higher education today is not a stronghold of capitalist domination and its impact means anything but a strengthening of the status quo. The great expansion of the college population has created millions of new "intellectuals," many of whom hold an adversary posture toward the society in which they live. Indeed, since the end of the 1960s it is no longer clear which attitudes represent conformity or non-conformity: the traditional support for existing social institutions and values or their reflexive disparagement.[34] The cultural hegemony of the capitalist class, if it ever existed, no longer exists today. In all too many instances, the American system of education now encourages the kind of self-doubt that, left unchecked, may seriously undermine democratic values and institutions.

33. Stanley Rothman, "Mainstream Political Science and its Discontents," in Van Dyke, *op. cit.*, p. 28.

34. Cf. Paul Hollander, *Political Pilgrims: Travels of Western Intellectuals to the Soviet Union, China and Cuba 1928–1978* (New York, 1981), p. 24.

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Over There

After Sadat

A month has passed since President Sadat's death. The most persistent question since then has been, how much of Sadat's policy can his successor, President Mubarak, follow and how long can he carry it? In view of the shocking lack of public grief and mourning over Sadat's death and during his funeral, can he be as blatantly pro-western, i.e., pro-American?

Throughout this time, President Mubarak has tried to convince Egyptians, Arabs, the rest of the world, and particularly the Israelis that peace does not depend on the life of one man; that the peace treaty with Israel is not only vital to Egypt's interest, but also remains the main hope for a wider peace in the region.

Even though Sadat's peace policy enjoyed the support of the vast majority of Egyptians, including the armed forces, it would be perverse to assert that his domestic policies earned him great popularity. In the last four years, his oscillation between, on the one hand, the desire to allow Egyptians greater political freedom and, in view of a worsening economic situation, the bold challenge to the state's authority—its very legitimacy—by militant religious groups and the communal clashes between Muslims and Copts, the need on the other to repress them worked against him. So did a 30 to 40 percent rate of inflation, the glaringly inequitable distribution of wealth, the inequality of incomes, the breakdown of public services, and the inefficiency of a massive, creaking bureaucracy. That he gave the Egyptians and Arabs credibility in the West, especially after the tarnished image they projected abroad from 1967 to 1973 cannot be gainsaid. That he made the Egyptians and, more importantly the other Arabs, think of the unthinkable, that is, peace with Israel, is also true. Perhaps his exclusive concentration over a decade (1971–1981) on achieving military self-confidence (1973) and peace after that prevented him from tackling the urgent domestic problems that plague his country, such as the extremes of poverty and the plight of the small, but relatively significant, middle class. Then his paradisiacal depiction of the economic benefits that would automatically flow from his Open Door Policy and the peace treaty with Israel was injudicious.

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Like most Arab rulers, he conducted policy in a very personal style, until the policy itself became highly personalized. In his anxiety to sustain the momentum of his peace policy, he quickly became too closely identified with American policy. On this basis one can argue, to some extent, that in the minds and eyes of the extremists he personified domestic failure and external betrayal. For all those within Egypt (a minority) and in the Arab world (arguably a larger number), Sadat had sinned against the Community of the Faithful, because he had granted legitimacy to Israel in their midst. How far this proposition implies a solidly hostile anti-western Islamic world or community is another serious matter than cannot be considered here. Suffice it to suggest that if it does, then at the end of the day and in desperate circumstances, western interests in such a world could only be protected by the use of military force.

Foreign observers have also been worried over the degree of the new President's authority, contrasting his quiet, reticent and almost retiring personality with his predecessor's flamboyant, bubbling bonhomie, panache, and charisma.

Yet the actions of President Mubarak, so far, suggest he has authority. His career as an Air Force officer is impressive. Trained as a fighter-bomber pilot in the Soviet Union (1959 and 1961), he had come down from the military academy in 1950. Sadat, who had known Mubarak since the early fifties, appointed him air force chief of staff soon after Sadat's assumption of the presidency, and in 1973, appointed him Commander of the air force. President Mubarak had previously commanded the bomber force in the Yemen civil war (1962-67). His overseas experience until 1973 was confined to his training tours in the Soviet Union, where he learned Russian and acquired a good knowledge of the Soviet regime and society, and to his visits to some of the neighboring Arab states. His marriage to a half-Welsh girl afforded him an acquaintance with Britain, especially southern Wales, where his wife's maternal relatives live.

Interesting to note is the fact that Mr. Mubarak's professional experience in the Soviet Union bred in him not simply caution about that superpower's politics and policies, but also a certain revulsion about its treatment of its own citizens. Equally interesting is the fact that he has never publicly expressed his views about it, and this is in character. His acquaintance with many Arab leaders and the United States was made after the October War when on several missions for his country and on behalf of President Sadat.

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A vice-president of Egypt since April 1975, Mr. Mubarak came to control one of the most important sinews of state power, the state security apparatus and network. And since its founding in 1978, he has controlled the structure and organization of the ruling National Democratic Party. Significantly, he belongs to the officer corps generation of 1973, or the October War; that is, he is not a Free Officer: he was twenty-four in 1952. It is even more significant that the Free Officer generation of the 1952 revolution is now part of Egyptian history. Much of the officer corps now is led and controlled by Mr. Mubarak's generation, those who came into command positions during and after the October War.

The armed forces, and particularly the officer corps, still represent the most important constituency of the regime, and therefore of any Egyptian president. One could even suggest that for some time to come, the presidents of Egypt—and therefore the vice-presidents—will be military or ex-military men. To this extent their loyalty will remain a primary concern and a major preoccupation of Sadat's successor. The recently announced vast transfers, retirements, and plain dismissals of army officers supports this view. They amount to a purge of the officer corps.

The infiltration of the armed forces by militant religious movements or groups is not a new development. Forty years ago, the largest mass Islamic movement in modern history, the Muslim (Brethren) Brotherhood, had a designated recruiting officer within the officer corps for that purpose and, by 1950–52, more than one. (In fact, its links with army conspiracies and seditious cabals against the *ancien régime*—and even against the Nasser regime in the early 1950s and 1960s—have been reported not only by the Brotherhood itself but also by several of the Free Officers, chief among them the late President Sadat.[1]) Since 1974, and especially after the violent food riots in January 1977, the renewed infiltration of the armed forces—mainly among lower grade officers and enlisted men—by the Brotherhood and its more extremist offshoots, *Takfir wa Higra, Shabab Muhammad* and others, seriously worried senior officers.

The growth of the armed forces into a vast (ca. 350,000) military institution may have minimized the chances of conspiracies similar to the one in 1952. On the other hand, the growth of a largely conscript army facilitated such infiltration by militant Is-

1. See P. J. Vatikiotis, *Nasser and His Generation* (New York and London: 1978).

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lamic groups. By 1979–80, moreover, Islamic militancy had become a widespread phenomenon and a popular option for the masses in the region. In Egypt, the Brotherhood at least was allowed to pursue its religious activities and to freely publish its tracts and magazines which soon served as the main platforms of opposition to the regime. The Brotherhood and other groups soon came to dominate several youth organizations in town and country, and most significantly university student unions and clubs. The more extreme of these groups mobilized, articulated, and capitalized upon the revulsion of the deprived, underprivileged, disoriented, and disaffected lower strata of society against what they perceived to be the aggressive and corrupt secularism of wealth, development, and power. Despairing of any future prospects, they were easily recruited into the mainstream of violent destruction, not only against the state and the inordinately rich, but also against their fellow non-Muslim Egyptians, the Copts. The communal disturbances between Muslims and Copts over the last few years, culminating in the bloody clashes of last summer, threatened to plunge the country in a veritable sectarian-communal, if not a full-scale civil, war—a condition Egypt had, in contrast to several other Middle Eastern countries, been free of since 1910–11.

Shocked by the possession of sophisticated small weapons by both communities and troubled by the rising militancy of the Copts in response to the threat from the militant Muslims at a time when general financial and military assistance to these militants was readily available from willing outsiders, Sadat had no alternative to a direct confrontation with them. His own earlier ill-advised encouragement and promotion of a trend in his regime suggesting a greater Islamic imprint on state and society compounded the problem.

It is in this context that Mr. Mubarak will concentrate his efforts on containing the Muslim militants and preventing further communal clashes. He must impose his and the state's authority in the face of all challengers if he is to survive. He will at the same time seek to insure the loyalty of the officer corps. But neither of these measures, or both of them together, will guarantee domestic security, tranquility, or stability, without greater attention to internal economic and social problems. The new administration, therefore, will most likely devote more time and effort to these. If this is the case—that the first order of the day concerns the loyalty of the army and internal security—purges and repression are un-

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avoidable, and success will depend a great deal on the way the new government goes about these tasks.

One spectre hanging over the whole exercise is the disposition of the large number of political prisoners arrested over the last two to three months. One cannot reasonably argue that the incarceration of Muhammad Heikal and several journalists, writers, teachers, lawyers, and others can be justified for very long. Nor can one compose credible grounds on which they could be brought to trial. It is a problem—and difficulty—President Mubarak will have to contend with. The violent militants of course are another matter altogether.

In short, Mr. Mubarak's freedom of action is constrained by this vast array of domestic problems: Islamic militancy, which can solicit and receive support from outside Egypt; the massive—almost insoluble—economic and social problems facing his country and bedeviling his administration; and the cooperation or opposition of segments of his major constituency—the officer corps. As regards the last factor in the equation, much will depend on the President's relationship with chief of the armed forces and minister of defense, General Abu Ghazzala. An attractive, intelligent, and articulate personality, the latter is popular and effective with the armed forces. The President counts on the General to keep the armed forces in line. The two men are contemporaries and about the same age. Both are politically astute, and political astuteness can be, at the right time or given the proper opportunity, translated into political ambition. The close working relationship between them, that is, could become abrasive, sour into antagonism and end in rivalry. This is not an inevitable evolution, or outcome, of the relationship, and one doubts that it will not survive until next summer at least. So long as the President values the General's support, however, he advances his standing; and he cannot ignore or remove him from office before he insures the complete loyalty of a successor to head the armed forces. Past experience suggests that this is the kind of conundrum facing new rulers in Egypt.

The President's freedom of action is also circumscribed by external factors, chief among them being the readiness of the Israelis to reach agreement fairly quickly on Palestinian autonomy, the fluctuations of inter-Arab and regional politics (particularly those of Egypt's mischievous neighbor Libya as well as of her hard-pressed partner the Sudan), and by the pressures generated by the interests and policies of the superpowers.

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President Mubarak does not carry the odium attached to his predecessor in Arab capitals. He has good personal relations with individual Arab leaders, especially those who also have a vital interest in the survival of his regime and who hope for a restoration of at least normal, if not closer, relations with it. He has never visited Israel, a fact that can be interpreted in any way to suit each one of these Arab leaders. To this extent Mr. Mubarak is in a position to effect a gradual rapprochement with some of the moderate Arab states which ever since Sadat's assassination have been desperately worried about future developments in the region. Although some of them—namely, Saudi Arabia, Kuwait, the Gulf States, and possibly Jordan—will no doubt exert pressure on Mr. Mubarak in this direction, they must realize that he, too, is aware of their desire for a peace settlement, and that with the exception of the recent Saudi peace proposals there is really no alternative Arab policy regarding the conflict with Israel to his own.

After all, Egypt never quite left the Arab world, nor was she quite isolated from it. Over a million Egyptians have continued to work in other Arab countries, and thousands of students from these countries as well as scores of their young officers have continued to be educated and trained in Egypt's universities and military colleges respectively. Many Arab states, moreover, have not been really opposed to Egypt's negotiating initiatives for peace, or her opening to the West (this includes the PLO). The bridges between Egypt and many of the Arab states were never completely destroyed.

What happened on October 6 may act as a catalyst for a breakthrough in the autonomy negotiations with Israel, and thus allow for a smoother restoration of Egyptian-Arab relations during the next year. In view of the long-drawn, stalemated conflict between Iraq and Iran in the Gulf, the chaotic situation in a shattered Lebanon, and the deteriorating relations between Libya on one side and Egypt and the Sudan on the other, such a restoration of Egyptian-Arab relations could have a salutary effect all round.

It is unlikely that the new Egyptian government will aspire to the pre-1970 active involvement in Arab affairs or the leadership role that went with it. Nevertheless, the new government will continue to conduct its Arab policy on the principle of not allowing the emergence of a powerful Arab rival in the East. It may also explore and exploit the strategic interest Egypt shares with Saudi Arabia in the security of the Red Sea and the Horn of Africa. To what extent it will pursue its traditional economic and strategic

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interest of closer ties with the Sudan, revived by the late President Sadat, could be an important consideration.

With regard to the superpowers, the Soviet Union will press for the detachment of Egypt from the western camp. Moscow has already launched its propaganda campaign to that end. Its attack on America for its alleged interference in Egyptian affairs accompanied the vociferous attack on Egypt by its clients in Libya and the PLO. In fact, despite its presence in and links with Syria, South Yemen, and Libya, the Soviet Union still rightly considers Egypt the most important and pivotal Arab state in the region. It does not, however, have the advantage of credible Arab intermediaries to further its campaign of pressure indirectly.

The death of President Sadat was a blow to the Reagan administration and its emerging policy of seeking to establish a "strategic consensus" in the region, based on its close relations with Egypt, Israel and Saudi Arabia, for the better defense of western interests in the region, including if necessary the deployment of American military force. Judging by its response to the assassination of Sadat—somewhat hysterical in its overkill effect rather than calmly firm—it could be argued that America believes that any deviation from the Sadat policy undermines its plan to establish close strategic relations and military arrangements with the pro-western states in the Middle East.

Beyond the declared intention of military support for its allies—Egypt, the Sudan, Israel and Saudi Arabia—and a greater willingness to establish a military presence in the area, American policy toward the Middle East is still unclear. What is occurring so far is a greater and unpredictable military involvement with newly acquired clients in Egypt and the Sudan (arms supplies, massive economic aid, military advisers, joint military exercises and so on), and preparations for the acquisition of base facilities in the Sinai. In view of Saudi Arabia's alternative peace proposals, the determination to carry on with the Camp David peace process and Israel's continued policy regarding the West Bank—all in a way contradictory elements—President Mubarak may well press the United States to consider new approaches for a policy in the region. Considering the near certain assembling of a peace-keeping force for the Sinai after April 1982, he could advise America to go slowly on the bases while attempting a broader economic and political initiative. More immediately President Mubarak will most probably hint at the need for the U.S. to press Israel to give a new lease of life to the on-going peace process in the hope that this could

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attract the involvement of at least some of the moderate Arab states and, through them the PLO, with Egypt. He will point to the AWACS sale to Saudi Arabia as a good opening for such a démarche. President Mubarak must also be wondering whether the AWACS deal represents a significant shift in U.S. policy and a defeat for the Israeli lobby in Washington. On the other hand, he might interpret it more narrowly as a further link in the arrangements for American military-strategic strength in the region, including the readiness to intervene militarily to defend Saudi Arabia and the Gulf.

What the American administration must, in turn, weigh carefully in its mind is whether it can afford to miss this new opportunity of formulating a policy that is not strictly limited to military considerations, but one that provides the political underpinning for its ultimate strategic interests. In other words, the AWACS sale must be accompanied by a new American peace initiative. This could provide the climate for the gradual return of Egypt to the moderate Arab fold while still retaining her treaty relation with Israel, which, in turn, would strengthen not only the American-western position in the region but that of Israel too.

Finally, President Mubarak will have to consider the European initiative. The Ten of the EEC seem to believe that Camp David without meaningful Palestinian autonomy and the involvement of the PLO is a dead duck; that the U.S. has put itself in a box. What they wish to do is to convince the PLO through the mediation of the Saudis and other moderate Arab leaders to concede a sort of recognition of Israel in return for autonomy on the West Bank. In addition, they plan to secure the agreement of most, if not all, the Arab states to the proposal. If necessary they will seek to explore the Crown Prince Fahad peace plan in order to have an alternative platform for new peace negotiations in case Camp David comes unstuck.

The disadvantages of the Europeans in this endeavor are several. There is, first of all, the rather watered-down conception of autonomy which the Israelis propose for the West Bank and over which they are at odds with their Egyptian peace partners. They are adamant in their refusal to consider the involvement of the PLO. In fact, the latest démarche of Lord Carrington in the Middle East at the end of October seems to have prompted both Israel and Egypt to try and crack the autonomy nut and thus preempt alternative peace proposals. Moreover, the road to any new initiative as envisaged by the Europeans is strewn with potential con-

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flict in a number of areas: within the PLO; among the Arab states; and concerning the delicate position of Jordan with its special links on the West Bank. Even if the European initiative were to produce some useful results, these would have to be acceptable to America. In this connection it is not unrealistic to ask if the sale of AWACS to Saudi Arabia could act as the catalyst in tacking whatever useful and feasible proposals emerge from the European initiative onto the American-led peace process.

In conclusion, it is safe to suggest that the immediate direction of Egyptian foreign policy under President Mubarak for the next six to twelve months will not veer violently off the course set for it by President Sadat. It will press on with the Camp David peace process, and stick to the close relation with the United States. Thus Egypt made it clear it will not attend the Arab League meeting this month even if invited. At the same time, President Mubarak has indicated the first change in style as far as the conduct of foreign policy is concerned: he declared he will not attack any Arab state, nor publicly insult any Arab head of state. He also announced the withdrawal of certain army units from the Libyan border, stating that he does not contemplate any future military operations against his neighbor. In view of the benevolent attitude of Saudi Arabia and the Gulf states toward President Mubarak's regime—in any case a reflection of their wish for stability in Egypt—the time may come when the need to assert his own style and impose his own policy at home will lead him to initiate a new course for Egypt's Arab policy.

P. J. Vatikiotis

East Meets East?

Imagine that you own a small, growing, prosperous business. Your profits have been rising steadily for years, despite some adverse economic conditions. Your most ambitious investment projects, undertaken several years ago, have just begun to reap their rewards. Although your company remains very small, you have begun to compete with the behemoth corporations in your field.

Now imagine that the largest of those behemoths, a sadly mismanaged and consistently indebted outfit, proposes a merger. Behemoth Corp. suggests that your company will become their subsidiary; you yourself will be made a Vice President of Behe-

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moth. Your firm will continue to manufacture the same product for the same market, and you will have complete control of your own business. But of course your profits will be sucked into Behemoth's coffers, to offset their oppressive debts.

Does that merger sound attractive to you? If it does, you should be interested in the recent talk about reunifying China by allowing the People's Republic of China (PRC) to annex Taiwan.

October is the most important month on Taiwan's political calendar. October 10—the Double Tenth—is the anniversary of the founding of the Republic of China (ROC). October 26 commemorates the Republic's reconquest of the island of Taiwan, ending a half-century of Japanese occupation. On the mainland, October 1 marks the Communist victory in Peking. So it is no coincidence that the PRC government in Peking chose October as the month to launch a publicity campaign for reunification. The emotional tug toward a unified China is always strong, but particularly so when the country is recalling its first nationalist stirrings.

Then, too, there is the question of propaganda. By making the first pitch for unity, Peking cast itself in the role of conciliator, with Taiwan as the intransigent trouble-maker. And if Peking is seen as the peace-maker, then naturally other governments will scoff at Taiwan's request for more military firepower. Since the Reagan Administration is pondering just such a request, the reunification offer was calculated to be heard in Washington as much as in Taipei.

The terms of Peking's offer were straightforward. Taiwan would become a province of the People's Republic. Unlike other provinces, however, Taiwan could retain its own capitalist economy, its own armed forces, and its own political system. Chiang Ching-kuo,[1] the President of the ROC, would probably become a Vice Premier of China. The details of the merger would be worked out by Nationalist and Communist leaders, meeting on equal terms. Peking made only three demands as conditions for the merger. The ROC must abandon its claim to govern the whole of China, must accept the Communist flag as its national symbol, and must accept the leadership of Peking in international affairs.

Writing in *The Wall Street Journal* the day after the public reuni-

1. Press agencies in Taiwan have not adopted the new method of transliteration currently favored by mainland sources. For simplicity's sake, the "old" system of transliteration has been used throughout this piece to render Chinese names into English.

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fication offer, Robert Keatley described the terms as Peking's "most generous offer yet."[2] And indeed it was. But previous offers were not particularly generous. As Chiang Ching-kuo pointed out, "At one time they clamored for 'washing Taiwan in blood.' " What did this new offer give to Taipei as an enticement? In return for surrendering their independence, the ROC leaders would receive prestige, gratitude from the mainland, and. . . nothing else. Taiwan would retain its capitalist and democratic system, but that represents no change from the status quo. Taipei would have its own army, but marching orders (and replacement weapons) would have to come through Peking.

To no one's surprise, the ROC dismissed the reunification offer immediately, branding it as pure propaganda. Chiang Ching-kuo told his compatriots in the ruling Kuomintang Party that, "Now they shout their demands for talks 'on a reciprocal basis' and joint 'leadership.' Tomorrow they will coin another slogan and try to effect another deception."

So much for the reunification of China. But while the negotiations never got underway, the war of words has only just begun. During the Double Tenth celebration, Nationalist leaders redoubled their usual vigor in calling for the defeat of Communism on the mainland. Meanwhile Peking upped the ante by hinting that Generalissimo Chiang Kai-shek, the quintessential Nationalist hero, might be resuscitated as a hero on the mainland after reunification. On balance, the PRC seems to have the rhetorical edge, at least insofar as American popular sentiment accepts their good faith. Even the normally sober *Wall Street Journal* (in the person of Robert Keatley) enthused that the offer from Peking was "much more than a tactical weapon." Alluding to certain unnamed western diplomats, the *Journal* continued, "But there is much agreement here that the offer, which dangles carrots much more than it waves sticks, isn't just a propaganda device." Evidently the PRC has succeeded in one respect already: the topic of reunification is now very much alive in the United States.

On Taiwan, serious debate about reunification is rendered impossible by the sedition laws, which make it a crime to advocate accommodation with the Communists, or even to suggest splitting the island of Taiwan off from the whole of China. But even if such a debate could occur, it is difficult to marshall arguments that

2. "China Makes Overture to Taiwan," *Wall Street Journal*, (October 1, 1981).

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could convince the Nationalists to negotiate with the mainland. Politically, culturally, and economically, the differences that separate the two Chinas are enormous, and steadily growing.

Politically, the ROC is pledged to the overthrow of the Communist regime. More than that, it is the promise of regaining the mainland that fuels patriotic fires on Taiwan. If the ROC is a remarkably productive little country (and it is), at least part of that productivity can be attributed to the extra effort begotten of patriotism. For thirty-two years, the ROC government has exhorted its citizens to provide a model of democratic prosperity for the emulation of their mainland cousins. It would be difficult to discard that objective without giving rise to cynicism and apathy among the Taiwanese people.

In those thirty-two years since the Communist victory on the mainland, a new generation has been born and raised on the island of Taiwan. But the influx of refugees from the mainland is still steady, and with those refugees come further complaints of Communist atrocities. So the wounds of the Communist revolution are continually reopened. Within the ruling Kuomintang Party, there is even more rancor, since Kuomintang officials consider themselves to be the rightful rulers of the mainland as well. Nor is this an idle pretense, since many senior Kuomintang officials can still vividly recall their own reign in Peking. The Kuomintang, like the Chinese Communist Party, is led by old men;[3] memories of old usurpations die hard.

Even the internal politics of Taiwan militate against reunification. The most visible dissident movement on the island calls (illegally) for the separation of Taiwan from the rest of China. To date the ROC government has had relatively little difficulty in suppressing this movement. But any moves toward accommodation with Peking would naturally provoke a new outburst of separationist activity. Under the present circumstances, the separationist movement could count on the additional support generated by raw self-interests, because the economic interests of the Taiwanese people are clearly better served by the present regime.

In the aftermath of the Peking overtures, government officials called up two figures of speech repeatedly in their efforts to explain their position. First, they referred to the perils of the fly who tries to mate with an elephant. Taipei rules 16 million people; Peking rules one billion. No matter what assurances the PRC might give

3. On the executive committee of the Kuomintang, the average age is over 70.

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at the outset of reunification talks, inevitably the political powers of the island republic would be insignificant within the amalgamated regime. Second, the Nationalists recalled the mathematical formula that governed the one previous "cooperation" with the Communists—in the fight against Japan in World War II. During that struggle, the Nationalists charge, the Communists devoted "10 percent of their effort to the fight against Japan, 20 percent to temporizing with the National government, and 70 percent to self-strengthening."

Mistrust for the Communists is endemic on Taiwan. Yes, today Peking might call for reunification. But even if the gesture is sincere, is it lasting? The record of PRC history does not inspire confidence. At one time or another, Liu Shao-chi, Lin Piao, and the Gang of Four have represented official PRC ideology; none has survived intact. Although Teng Hsiao-p'ing seems firmly in place today, Taiwan's top analysts doubt that his triumph is absolute. The Gang of Four is still living, and its survival (in a nation much given to liquidating political opponents) might itself indicate some residual strength. If the Gang of Four were to regain power subsequent to reunification, or if yet another faction were to topple Teng, could the Nationalists realistically expect continuing amity?

This, too, is much more than an idle question. The promise to bathe Taiwan in blood rings true to Peking's history. The death toll from Mao's Cultural Revolution is in dispute, but certainly runs into the millions. During the Great Leap Forward, a period the West does not generally recognize as particularly violent, the death rate on the mainland increased by about 200 percent in the course of three years; in a country of (then) 800 million, that figure represents a staggering loss of human life. And even the avuncular Teng Hsiao-p'ing is an avowed admirer of Stalin. Yes, the people of Taiwan have heard about the mainland's ballyhooed movement toward democracy. But they also know that the leader of that movement, Wei Ching-sheng, is now serving an fifteen-year term in prison. Again, none of this is lost on the people of Taiwan. It is foolish enough for a fly to mate with an elephant; still worse if the elephant has acquired a taste for blood.

Cultural Ties

Unlike the PRC, the ROC does not periodically rewrite its history. So the past depredations of the Communist regime cannot be swept under the rug. But in the final analysis, the political differences between the two Chinas may be easier to overcome than

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the growing cultural gap. The boundaries between nations are fixed not only by political treaties, but also by the cultural ties that unite some peoples, and separate them from others. China's history as a nation stretches back for thousands of years, building on a cultural pattern that traces back to the days of the Five Rulers, about 2200 years before Christ. In that long history, the thirty-two-year episode of Communist rule is nothing more than a dip on the graph. Still, in those thirty-two short years the Communist rulers have done everything in their power to obliterate the customs and teachings that constitute traditional Chinese culture, hoping to achieve a *tabula rasa* on which to create the new Maoist man. And while they have been busy with that project, their Nationalist competitors have taken extraordinary pains to conserve and enrich Chinese traditions.

In official ROC speeches and formulations of government policy, the goal of cultural enrichment takes second place to nothing—not even to the efforts to oust the Communist government, since that is regarded as a different aspect of the same endeavor. Alongside the capital outlays for heavy industry and defense, there are similar appropriations for the construction of opera houses, schools, and an ambitious network of local cultural centers. Filial piety is a way of life; indeed, the government assumes that most elderly people will be supported handsomely by their children. Schoolchildren are immersed in Confucian moral teachings, and encouraged to participate in physical training through traditional practices such as *tai chi* (as well as Little League baseball, of course). Calligraphy is regarded as a fine art, and it is unthinkable that Chinese characters would be abandoned, despite their inadaptability to modern word-processing. The birthday of Confucius, September 28, is a national holiday, and the 77th lineal descendant of Confucius, who leads the holiday celebrations, is regarded with special reverence. In an era of phenomenal economic and social change, these ties with traditional culture have provided a special, stable backdrop. Unlike virtually all other rapidly modernizing countries, the ROC has avoided dramatic social upheavals. The strong emphasis on cultural enrichment has undoubtedly enhanced this stability.

Meanwhile, just across the Taiwan Straits, the PRC has staged a series of sweeping cultural shifts: the Hundred Flowers campaign, the Great Leap Forward, the Cultural Revolution. Mao's Red Book has become the Bible, then been demoted, as has the teaching of Confucius. Folk religions have been oppressed. Schools

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have been closed down for lengthy periods, teachers re-indoctrinated, and urban citizens uprooted to serve in the countryside. Of the 38 million members currently enrolled in the Communist Party, some 18 million were recruited during the Cultural Revolution. These young men, who are destined to become the leaders of the PRC, are as ignorant about traditions as they are hostile to them. So the chasm between the two Chinas grows steadily.

Theoretically, political and cultural differences should be enough to keep the two Chinas separated until at least the end of this century. But political history is notoriously unpredictable, and a thirty-two-year aberration cannot untrack a 4,000-year old cultural pattern. On a purely practical level, the most reliable reason to doubt the possibility of reunification is economic. Where economic interests lead, ideological argument generally follows. And for the people of the ROC, the economic arguments uniformly favor a continued separation.

Taiwan, as virtually everyone knows, is one of the world's great showcases of successful economic development. Immediately after World War II, per capita income hovered around $70 annually. Government economists, setting out the goals for Nationalist modernization, projected that the income figure would rise to $1000 by 1980. As usual, the economists were wrong; but they were wrong in the right direction. In 1980, the average Taiwanese income was *$2000*, and the country had officially joined the ranks of the developed nations. Other statistical indices confirm the success: life expectancy has increased by fifteen years; infant mortality has plummeted by 400 percent. Even if one uses the most optimistic projections about economic growth in the mainland, and the most pessimistic projections about Taiwan, the ROC per capita income for the year 2000 figures to be *triple* that of the mainland.

To repeat, that 3-1 ratio of projected per capita income is based on the most conservative available figures. A prudent investor would notice ample indications that the conservative figures are misleading. PRC plans for modernization have run afoul of predictable problems; Peking has defaulted on several cooperative ventures with Japanese industries, and prospects for renewed Japanese participation are bleak. Meanwhile, a generation of massive capital projects has come of age in Taiwan. In the port city of Kaohsiung, for example, the China Shipbuilding Corporation is arguably the most advanced facility in the world for the construction and renovation of supertankers and luxury liners, while the China Steel Corporation next door is working its way through

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thirty-six months of advance orders. Of the young men leaving school to enter the work force, a surprising 10 percent open their own businesses, and a staggering 96.4 percent of those businesses succeed! The economy's vital signs are robust: unemployment is an infinitesimal 1.2 percent, and the rate of inflation (despite Taiwan's total reliance on imported energy) is a paltry 6 percent for 1981.

Economic Concerns

Certainly the ROC does have economic problems. The most pressing problem is an embarassment of riches: a decreasing supply of unskilled and semi-skilled labor. The chief ingredient of past ROC successes has been an abundant supply of efficient, inexpensive labor.[4] Now rising levels of education have combined with rising economic expectations to entice workers out of the less skilled professions, so that there is a 50 percent turnover annually in the less attractive jobs.

There are troubles, too, at the upper end of the economic ladder. Taiwan has an unusually even distribution of income, with the top 20 percent of all wage-earners bringing home about four times as much as the bottom 20 percent.[5] This distribution may be healthy for the society, as the Nationalist officials claim. But it certainly inhibits individuals' economic incentives. Take the case of a medical doctor: In a public hospital in Taiwan, the superintendent can expect an annual salary of only $14,000; a resident physician will earn $6000. Even allowing for the generous perquisites of these positions, it is no wonder that Taiwan is suffering a "brain drain," with many talented young people opting for more lucrative opportunities abroad—especially in the United States.

Finally, Taiwan must continue to battle a familiar old problem: the island's almost total absence of natural resources. The ROC imports all of its fuel (gasoline costs $4.25 a gallon), meat, fruit, and most raw materials for manufacturing. Here the lure of reunification must make itself felt; the mainland has oil, coal, minerals, silk, and arable land in abundance. The prophets of reunification conjure up the vision of Taiwanese industries utilizing mainland resources in an unbeatable economic combination.

But Taiwan has survived—and boomed—without benefit of the

4. Today, unit labor costs in the ROC are one-third of those in the United States.

5. In the United States, similar statistics yield a ratio of eight to one. In the socialist paradise of the PRC, the figure is twenty to one.

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mainland's resources thus far. And although the prospect of easy access to those resources is certainly inviting, the negative ramifications are still more imposing. This, too, would be a case of the fly mating with the elephant. The billion people of mainland China could soak up the wealth of Taiwan quite readily, without even moving themselves out of poverty. In short order the unified government would have milked all the riches out of Taiwan, thereby ending the capitalist experiment. In all likelihood, the experiment with democracy in the ROC would end soon thereafter.

Unfortunately, the ROC has no rhetorical (let alone practical) answer to Peking's reunification offers. Taiwan can call for the overthrow of the Communists, but cannot undertake any military ventures toward that end. Strategists in Taipei can urge the Chinese people of the mainland to take matters into their own hands, but the fate of such insurgencies in Communist countries is inevitably tragic. So the ROC is left with its argument from principle—the argument that, inevitably, history will demonstrate the superiority of democratic capitalism.

If history offers that proof anywhere, it is in the United States. Yet today, even within the Reagan Administration, one hears the voices of sympathy for the Communist initiative. Administration officials are not allowed to surface in Taipei. The practitioners of *Realpolitik* insist on the importance of the "China card," invariably meaning closer cooperation with the Peking government. The Secretary of Agriculture reminds Congress that mainland China is "potentially" our biggest market for farm exports. (As indeed it is—potentially. But can it pay for those foodstuffs?) U.S. policy today assumes the goodwill of our fellow democrats on Taiwan, and curries the favor of the totalitarian state that threatens to engulf them.

But Taiwan waits. The Chinese culture emphasizes patience and quietude, and a 4000-year old nation is not easily panicked. And the ROC understands the strategic reasons for this strange U.S. policy. "If I want to be your friend, I must first put myself in your shoes," explains Frederick Chien, Vice Minister of Foreign Affairs. If the primary objective of U.S. policy is to combat Soviet power, then our cooperation with Peking is understandable. Sooner or later, Dr. Chien argues, the natural alliance will reassert itself.

Patience, confidence, and continued success: this is the ROC prescription for foreign policy in the long term. But is it realistic to conduct foreign policy with nothing but long-range instruments? In his reaction to the latter-day challenge of Peking's reunification

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ploy, Chiang Ching-kuo could only offer those same assurances that eventually, the ROC's superiority would assert itself. He had no immediate tactical reposte; only these words from his father, Chiang Kai-shek: "A devil may suddenly grow 100 feet tall, but before long it will be overwhelmed and obliterated by the spirit of righteousness."

These are noble words, and they are words that fit well with the great sweep of Chinese political history. But they are also words that harken back to the diplomacy of another age, in which noble thoughts in themselves could suffice to guide foreign policy. In the short term, where real foreign policy is determined, President Chiang's response gives rise to no practical options. Sooner or later, everyone agrees, China should be reunified. How? No answers are coming from Taiwan.

Philip F. Lawler

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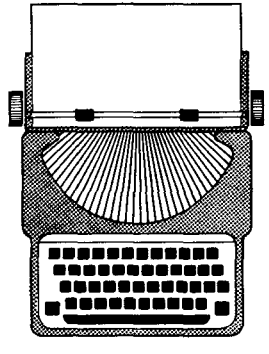

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What Makes A Good School*

TERRY EASTLAND

A number of studies independently conducted and published over the past decade has confirmed what most people have believed for a very long time about schools. That is, that some schools are better than others; that the reason some are better than others is that some teachers and administrators are better than other teachers and administrators; and that some schools take their responsibility for education seriously while many others do not.

The most important of these recent studies, all of which are unpublicized and indeed almost unheard of by the general public, is that conducted in the schools of London by Michael Rutter and his colleagues. In *Fifteen Thousand Hours: Secondary Schools and Their Effects on Children*, published last year by Harvard University Press, Professor Rutter demonstrates that children are most likely to be well-behaved and achieve scholastically if they attend some schools rather than others.

Professor Rutter measured a school's effectiveness by assessing the following: children's behavior from school to school, the regularity of student attendance, the proportion of children who stayed at school beyond the legally enforced period, the students' success in public examinations, and their delinquency rates. Stunningly (or perhaps not so stunningly to the non-expert), Professor Rutter found that over the period studied—four years in some cases, five in others—variations in both behavior and academic attainment at each school were almost nonexistent. What the schools were, they were over time.

Some of the schools were better at producing well-behaved and better educated pupils. Why? Professor Rutter found that factors such as school size, age of buildings and space available, and differences in administrative structure or organization made little or no difference to educational outcomes. "It was entirely possible," he wrote, "for schools to obtain good outcomes in spite of. . .un-

*This article is an out-growth of conversations with William J. Bennett, formerly president of the National Humanities Center, now chairman of the National Endowment for the Humanities.

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promising and unprepossessing school premises." Rather, the differences among schools and the reason for different outcomes rested in the schools' characteristics as "social institutions." The Rutter conclusion is that a set of factors mainly involving actions and measures taken by school personnel determines successful schools. When this set of factors is present, a school has what Professor Rutter calls the right "ethos."

Schools having this "ethos"—those that are healthy social institutions—were ones where "the teacher had prepared the lesson in advance. . . [where] the teacher arrived on time at the start of the lesson. . . and [where] the teacher mainly directed attention to the class as a whole." Teachers in such schools kept the "pupils actively engaged in productive activities" and did not wait "for something to happen." They gave praise freely and rarely took disciplinary action; yet when they did, it was firm. Such teachers were able to spot disruptive behavior early on and deal with it appropriately without digressing at length from the lesson at hand. Interestingly, Professor Rutter found that the most important way to teach proper behavior to students was by example—the example of teachers and other adult authorities in the school. This homely finding, in line with a large body of evidence from Aristotle to modern social science, argues that children have a strong tendency to copy the behavior of people in positions of authority whom they like and respect.

In schools with the right "ethos," Professor Rutter also found that children quickly picked up that the adults around them had expectations about their academic competence. This finding, too, is congruent with wisdom and social science research: people, particularly young children, tend to live up (or down) to what is expected of them. Professor Rutter found that children had better success in schools where they were given homework that was regularly set and graded, and where it was consistently remarked that they could and would learn.

Learning and Behavior

In regard to both student behavior and academic success, Professor Rutter found that the values and norms parents want their children to adopt will be adopted if these values and norms have widespread support throughout a school. This support started at the top, with the example and behavior of the school principal, and continued down through the administrative ranks to the teachers. What the administrators and teachers were, the students

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tended to emulate and imitate. What standards they held, the students tended to chase.

Professor Rutter noted that certain factors outside a school's control were important, such as the average intellectual ability of students entering a school. He found that a block of students who enter with greater learning aptitude do tend to have better educational outcomes than a block of students with lower aptitudes. Yet such differences—the "balance of intake," as he calls it—did not appear to have any comparable influence on how a school functions and whether the students in the school, at whatever various levels of ability, learn or not. Those desiderata—learning and behavior—still remained a function of the right "ethos."

What Professor Rutter and his colleagues found to be true in England has also been found to be true in America. In his heartening study of inner-city schools originally published in 1971 but still not widely known, George Weber of the Council for Basic Education found that children of generally poor backgrounds best learn to read in schools (also generally financially poor) having the following characteristics: "strong leadership, high expectations, good atmosphere, a strong emphasis on reading, additional reading personnel, the use of phonics, individualization, and careful evaluation of pupil progress."

Professor Weber's study, like that of Professor Rutter and his colleagues, is interesting in light of previous and far better known studies of school effectiveness, such as James Coleman's *Equality of Educational Opportunity* (1966) and Christopher Jencks *Inequality: A Reassessment of Family and Schools in America* (1972). These influential studies suggested that compared with other factors such as income, race, and entering achievement levels, schools themselves made little difference to educational outcomes. Yet these studies largely ignored just those factors addressed by Professor Rutter and Professor Weber. As Professor Jencks himself has since pointed out, his research "ignored not only attitudes and values but also the internal life of schools." And it is precisely "the internal life of schools"—their ethos—that Professors Rutter and Weber, and others such as Ronald Edmonds, in the School Improvement Project for the New York City public schools, focussed upon throughout the 1970s.

Beginning in the Spring of 1979, Professor Edmonds conducted "case studies" of nine New York City public elementary schools in his "search for effective schools." His team concluded that five factors determined academic success and thus made schools "effec-

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tive." These were (once again) strong administrative leadership, a school climate conducive to learning, a school-wide emphasis on basic skills instruction, optimistic teacher expectations of pupil ability, and an ongoing assessment of pupil progress.

Professors Rutter, Weber, and Edmonds are professionals in the field; their findings have been corroborated by journalists. On January 4, 1981 *The New York Times* reported at length on Rice High School at 124th Street and Lenox Avenue, in Harlem. Two-thirds of its graduates go on to further schooling, and "the overall SAT scores," reported *The Times*, "though slightly below the national average, have climbed recently and are higher than those of nearby . . . high schools." At this school, known for its "character of order, dignity and achievement," there are no graffiti on the walls because they are not allowed. Absenteeism is low, discipline high, fighting rare. The school "regime" is, *The Times* reported, "gently but firmly applied." There is an emphasis on prompt, courteous behavior, insistence on neat attire, and a close watch to see that assignments are completed. The principal, Brother Lawrence Killilea, says, "The real challenge is to get a youngster to value himself and to start developing himself as a human being. One thing we do is to supply a responsible male image."

Rice, of course, is a Catholic school, and perhaps may be expected to have the right ethos. But the right ethos is not the exclusive property of parochial schools. Not by any means. "What Makes An Effective School?" is the question seven education writers investigated in a study sponsored and published last year by the George Washington University Institute for Educational Leadership. These journalists, working independently in a variety of states, found the same answer.

Robert Benjamin of the *Cincinnati Post*, for example, found that the formula for success at any given school involves good principals, a belief and expectation that students will learn, and time spent "directly and efficiently teaching academic skills." Mr. Benjamin wrote: "The story of exceptional schools is the story of exceptional people, adults who are taking responsibility for children's education."

Jane Eisner of the Norfolk *Virginian-Pilot* studied Virginia schools in the cities of Portsmouth, Alexandria and Martinsville, and also in Henrico and Greensville counties. She found: "An effective public high school in Virginia does not require a new building, or fancy equipment, or a wealthy student body, or the latest in educational programs. A school can work if it has good teachers . . . strong leadership . . . and high expectations of its students."

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The work of these professionals and journalists testifies to the same points in the same voice. From their findings, if not from our own institutions, it is clear what makes a good school.

This testimony may come as good news, if not also as a surprise, to the layman. But this set of claims and evidence is not the usual news reported to the American public. Indeed, most of the news one hears about schools conveys a sense of despair. One reads, for example, about teacher illiteracy and incompetence, the failures of the teachers' colleges, administrative shilly-shallying, and ineffectual fads and fashions such as "life adjustment," "humanities fairs," and "values clarification." Further, there are legions of stories about students' failures, the most notable of these being the decline in test scores and the increase in vandalism and drug use.

Because of these stories, many of which are true, of course, it is no wonder that many people believe not only that the schools in America are failing to educate but also that such failure is inevitable. The supposition of such inevitability, however, is plainly contradicted by the studies of these educators and journalists and the undeniable experience of success at a number of schools. Not only is it clear what makes a good school, but it is also clear that a school can become good if certain efforts are made. Why, then, aren't these efforts being made more widely and systematically? Why aren't there more schools with the right ethos? Why, in short, aren't there more good schools?

Part of the answer lies in the times. The faith educators had in what one might call "innovative education," a product of the late 1960s and early 1970s, has waned. The hopes so many placed in, *inter alia*, the "open" or "participatory" classroom, "creative teaching" and "self-expression" by students in an atmosphere of "sensitivity" and "sharing" shorn of the need for authority, have been largely dashed. Few educators still share this faith, but a new faith expressing the doctrines developed by Professors Rutter, Weber, and others has not taken hold. In education today, the characteristic attitude is, in a word, uncertainty. Many teachers and educators, disillusioned with the false doctrines of the recent past, simply do not know what to believe, or what to do.

Professional Teachers Associations

Presumably, teachers, at least, might find new guidance from their professional teachers associations, such as the National Education Association (NEA). But the NEA—unlike the American

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Federation of Teachers (AFT), whose president, Albert Shanker, approvingly brought Professor Rutter's findings to the attention of his membership—has responded to Professor Rutter and the others with indifference. The indifferent response of the NEA is particularly disquieting in view of the fact that it is by far the largest teachers union in the country. The NEA claims three times as many members as the AFT, some 1.5 million teachers, a huge number of those hired to teach the young. Far from being attentive to and concerned with the "internal life" of schools, the NEA is instead concerned with the "interests" of teachers, in easing their teaching burdens (hence the call for smaller classes) and raising their salaries (though not, of course, by merit), and in wielding their political clout (for example, by lobbying for the creation of the Department of Education). Teachers organizations such as the NEA have thus encouraged teachers to look outward—away from their schools—to their own interests, to their status, and to Washington. It has not encouraged teachers to look at themselves and their schools in terms of their efforts, expectations, and examples. The NEA has raised teachers' political consciousness but not their standards.

The NEA is not the only educational institution, or even the only important societal institution, which fails to see the importance of the findings of Professor Rutter and others. There is, it must be said, a general blindness that forbids an understanding of what Professor Rutter calls "ethos." This notion is foreign to our age. It is foreign because it is, first, an idea, which is a thing of little use to many policy-makers today; and second, because this particular idea is rooted in antiquity, when thinkers understood life in categories broader and more penetrating than statistics and numbers. Unfortunately for many, including social scientists, educational experts, state and national legislators, and purveyors of political and cultural opinions, this business of "ethos" is simply remote and incomprehensible. Commanded by the times we live in, "what is to be done" must be something palpable—a new building, a larger library, or indeed a whole department of education.

To be sure, some of the familiar proposals—to improve school facilities, better compensate teachers, or provide the opportunity for release time to teachers so they can refine their skills—are worthy of consideration and even, in some instances, support. But they are not the heart of the matter, nor can they be. The heart of the matter, for those administrators, school board mem-

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bers, and superintendents who can see it—and some can—is the school's soul, the making of its character. This, not an ethereal labor, but one demanding the strong heart and will of responsible adults, is the first order of business for a school that wishes to be good. And, as is plain from the evidence, it is a labor that can be done. Often the best way to show that a good thing might work is to show that it has worked.

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How the Government Evades Taxes*

JAMES T. BENNETT and THOMAS J. DiLORENZO

The "tax revolt" of the 1970s, the election of President Reagan whose commitment to lower taxes and spending at the federal level of government struck a responsive chord, and public opinion polls all reveal that American taxpayers are disillusioned with paying more in taxes and receiving less in services from the public sector. In the tradition of the nation's founders, Americans have turned to constitutional and statutory constraints on governmental powers to limit both the size and scope of government at all levels. Since 1970, some thirty-two states have imposed legal limitations on local government taxing, spending, and borrowing powers; similar restrictions exist for a number of state governments. In an effort to restrain the fiscal operations at the federal level, thirty state legislatures have voted for a convention to adopt a balanced budget amendment to the Constitution.

Evidently, there is considerable faith in the ability of balanced budgets and tax/expenditure limitations to induce government to become more efficient and responsive. Unfortunately, the historical evidence on such restrictions at the state and local levels of government reveals that this faith is based on fantasy rather than fact. For nearly a century, non-federal politicians have easily evaded fiscal restraints—both constitutional and statutory—by the simple expedient of redefining the budget. Expenditures and debt controls that apply to the public sector can be ignored by "off-budget enterprises" created in great numbers by politicians. At the federal level of government off-budget operations have grown at an astounding rate in the past several years and, as pressures for a balanced budget mount, can be expected to play a major role in circumventing the taxpayer's desires for a fiscally responsible federal sector.[1]

*The authors gratefully acknowledge research support provided by the Scaife Family Charitable Trusts, the Earhart Foundation, and the National Federation of Independent Business.

1. There are other ways of evading balanced budget or spending limitation rules which are discussed below.

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The Continuing Saga

Tax revolts are not new; indeed, the issue of taxation played a role in precipitating the Revolutionary War. Beginning with the federal Constitution, American political history is a record of attempts, constitutional and otherwise, to control the politicians' propensity to spend and borrow. Restrictions on borrowing at the state level of government can be traced back to the early nineteenth century when the financial panic of 1837 produced embarrassment, financial difficulties, and even default for states with inordinate debt burdens. To avoid future excesses and, more importantly, to restore investor confidence in their bonds, constitutional limits were imposed at the state level. As new states were formed, debt limits were also incorporated in the constitutions so that the bond offerings of these new entities would not be at a competitive disadvantage in the capital markets. State restrictions on local borrowing came somewhat later. In the mid-nineteenth century, a railroad-building boom developed and municipalities were quick to recognize that rail service could determine whether a community thrived or merely survived. To entice the railroads to provide service, municipalities would either guarantee the railroad's bonds to aid the company in raising capital or would employ the proceeds of a municipal bond issue to purchase railroad stock. Again, financial panic burst the borrowing bubble—this time in 1873. Local governments were heavily overextended and, to prevent future defaults, state restrictions on local debt became commonplace. In addition, state governments over the past half century have imposed restrictions on local government taxes and spending. As shown in Table I, there were thirty-two state measures which placed constraints on the fiscal operations of local governments prior to 1970.

The most recent chapter of this continuing saga consists of the well-publicized "tax revolt of the 1970s." Since 1970, thirty-two states have imposed fifty-four different limitations on local government taxing and spending powers.[2] Eighteen initiatives were passed in eleven states during the period 1970–73, followed by only three in 1974 and 1975. But in 1975, the tax revolt began to ferment. Taxpayers approved only 29 percent of the total amount of

2. The types of limits listed in Table I are self-explanatory except for "full disclosure," which requires local officials to warn taxpayers of property tax increases by advertising them, and voting on them at public hearings.

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TABLE I

State Restrictions on Local Government Taxing and Spending

	Property Tax Rate Limit	Property Tax Levy Limit	General Revenue Limit	General Expenditure Limit	Limit on Assessment Increases	Full Disclosure	Total
Before 1970	29	3	0	0	0	0	32
1971	1	2	0	2	0	1	6
1972	3	1	0	0	0	0	4
1973	3	4	0	1	0	0	8
1974	1	0	0	0	0	1	2
1975	0	0	0	0	0	1	1
1976	1	3	0	1	0	1	6
1977	0	1	0	0	2	1	4
1978	2	3	0	0	1	0	6
1979	1	2	2	2	1	2	10
1980	3	2	0	1	1	0	7

Source: Calculated from Advisory Commission on Intergovernmental Relations, *State Imposed Restrictions on Local Government Tax and Expenditure Powers* (Washington, D.C.: ACIR, 1981).

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state and local government bond referenda in that year compared to 62 percent in 1974. The tax revolt then became much more pronounced in 1976. From 1976 to 1980, thirty-three tax or spending limitation initiatives were implemented, including the infamous Proposition 13 in California in June of 1978. Thus, the taxpayer revolt of the 1970s appears to have begun in earnest in 1976, the two-hundredth anniversary of the beginning of the most famous taxpayer revolt of all, the American Revolution. Several states have also placed limits on state taxing and spending, and thirty state legislatures have voted to hold a convention to add a balanced budget and/or spending limitation amendment to the federal Constitution.

It is hardly surprising that the tax revolt accelerated during the 1970s. The combination of inflation-induced bracket creep and increasing tax rates, particularly for social security, left the median income earner worse off in 1980 than in 1970. According to the Tax Foundation, median family income after adjustment for inflation and direct federal taxes was $7,976 in 1980, fully $436 less than in 1970. In addition, per capita state and local taxes increased by approximately 25 percent in constant dollars during the same time period.[3]

Taxpayer Discontent

Taxpayers are frustrated not only with the steadily declining levels of after-tax income, but also with the fact that they seem to be receiving so little for their tax dollars. At the federal level, billions of dollars have been spent on housing and urban renewal, energy programs, poverty, and so on; and yet slums abound in the nation's cities, the Department of Energy admits to having had no positive effect on energy problems, and millions remain in poverty. Economist Walter Williams calculated that if all the money spent by federal, state, and local governments on "poverty programs" were actually given to the poor, each family of four which is at or below the poverty level of income would receive approximately $40,000 this year!

At the state and local levels of government, where per capita government expenditures increased by 335 percent between 1960

3. Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism: 1980-81* (Washington, D.C.: 1981).

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and 1978, things are not much different.[4] Crime rates continue to soar, streets and highways are full of potholes, and educational achievement through high school continues to decline. For example, average scores on student achievement tests fell steadily between 1962 and 1978, despite the fact that educational spending per student had tripled during that period.[5]

Growing taxpayer frustration and disillusionment with government has been clearly revealed in a series of national surveys conducted between 1964 and 1976 by the Center for Political Studies at the University of Michigan. These show a steady erosion in the public's trust in government.[6] In 1976, 62 percent of Americans believed that government could be trusted "to do what is right" for them *only some* rather than most of the time; in 1964 the figure was 22 percent. More and more Americans are viewing government as being too powerful and extremely wasteful. In 1976, 50 percent of the public believed that government had grown too powerful, compared to 31 percent in 1964. The proportion of people believing that government wastes "a lot" of their tax money increased from 46 percent in 1964 to 74 percent in 1976. These attitudes are widespread in all sectors of society and there is remarkably little variation in the skeptical view of government among the young, middle-aged, and elderly, between the poor and those who are well-off, liberals and conservatives, and whites and nonwhites.

The message is clear: Taxpayers believe that they are paying too much and getting too little from government and, in order to force politicians to be more responsible and cost-conscious, are trying to impose constitutional and statutory limitations on taxes, spending, and borrowing. So deep is the discontent among citizens that the tax revolt has taken a physical form. Disgruntled taxpayers have begun to vent their anger by bodily attacking local government employees. As a result, some local civil servants are demanding "combat pay" for work "in the front lines of the municipal infantry," and union contracts in New York City now provide for eighteen months of leave with full pay after an assault.[7]

4. U.S. Bureau of the Census, *Statistical Abstract of the U.S.* (Washington, D.C.: U.S. Government Printing Office, 1981).

5. Tax Foundation, *Facts and Figures on Government Finance* (Washington, D.C.: Tax Foundation, 1979), pp. 255, 257.

6. Jacob Citrin, "The Alienated Voter," *Taxing and Spending* (October/November 1978), pp. 7–11.

7. Jeffrey Sheler, "The New Incivility Toward Civil Servants," *U.S. News & World Report* (July 27, 1981), pp. 56–57.

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Has the tax revolt been effective? A *New York Times* editorial has asserted that the tide is finally turning; state and local government spending since 1978 is actually expected to decline.[8] A statistical study of the effects of tax and spending limitations imposed on local governments conducted by the Advisory Commission on Intergovernmental Relations concluded that they have indeed been successful.[9] Many social scientists now routinely assume that tax and spending limitations put money into the taxpayers' pockets and promote efficiency and responsiveness in government.[10] In addition, there are many who place great faith in the ability of a balanced budget amendment to the Constitution to produce a greater degree of economic stability and to constrain inflation.[11] The Reagan administration is firmly committed to both a balanced budget and spending limitations at the federal level.

One would think that, from the more than two centuries of experience with constitutional and statutory restrictions on governmental powers, the optimism over the prospective effects of the recent "taxpayer revolts" is well founded and thoroughly tested. However, it appears that no one has even examined the historical record on the success or failure of taxing, spending, and borrowing limitations. For over three-quarters of a century, state and local governments have routinely evaded all restrictions on their financial independence by the simple expedient of moving large segments of the public sector off-budget. Off-budget spending at the federal level is also gaining momentum.

Government Goes Off-Budget

Taxpayer preferences are routinely evaded at both the state and local levels of government by conducting many public sector activities through off-budget enterprises (OBEs) which are beyond the control and scrutiny of taxpayers. OBEs are corporations created and owned by one or more political jurisdictions and are often referred to as authorities, districts, commissions, agencies,

8. Rudolph Penner, "Why Local Spending Is Finally Slowing," *New York Times* (Dec. 7, 1980), p. D-2.

9. Advisory Commission on Intergovernmental Relations, *State Limitations on Local Taxes and Expenditures* (Washington, D.C.: ACIR, 1977).

10. For example, *see* M. Menchilk, "Fiscal Limitation Fever: Who Gets Hurt?" *Journal of Contemporary Studies* (Winter 1981), pp. 67-80.

11. For example, *see* Phillip N. Truluck, *Balancing the Budget: Should The Constitution Be Amended?* (Washington, D.C.: The Heritage Foundation, 1979).

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and boards. OBEs are formed by a public statute that defines their powers. In over two-thirds of the states, local politicians establish OBEs by ordinances of various types, within the terms of general enabling legislation adopted by the state legislature. In most states, all that is required is the filing of a corporate charter, but in a few states, such as New York, OBEs must be chartered by special acts of the legislature. There are thousands of OBEs at the local level of government in the U.S., including over 2,500 in Pennsylvania alone.[12] OBEs have no taxing power, by definition. Rather, their activities, which include the entire spectrum of local governmental activity from airports to waste water treatment, are financed by issuing nonguaranteed (and not voted on) revenue bonds. Since revenue bonds are not subject to voter approval, they are not backed by the taxing powers of any governmental unit but, theoretically, by user fees from the OBE's activity. Because OBEs typically do not receive appropriations their spending and debt do not appear on government budgets. OBEs are thus in theory "financially independent," but in reality are heavily subsidized by other units of government. The managers of OBEs are typically patronage appointees who enjoy far greater discretion than do managers of regular local governmental departments or of private industry. In most cases OBEs are exempt from compliance with civil service restrictions, pay no taxes or license fees, are not regulated by public utility commissions, are exempt from compliance with many state and federal regulations, and have powers of eminent domain that extend beyond the boundaries of the political entity which created the OBE.[13] Moreover, the expenditures, borrowing, and employment of OBEs are not included in the reported statistics of the political jurisdiction(s) that form(s) them.

The major difference between regular governmental departments and OBEs is that OBEs can raise and spend money without reference to the immediate wishes of the electorate, whereas a government can raise and spend money only in the amounts and manner specified by the electorate under the constitution and statutes of the state. In fact, the principal reason for the establish-

12. Donald Schlosser, *Municipal Authorities in Pennsylvania* (Harrisburg, PA: Dept. of Community Affairs, 1977).

13. Annmarie Walsh, *The Public's Business: The Politics and Practices of Government Corporations* (Cambridge: MIT Press, 1979).

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ment of OBEs in the U.S. has been to subvert the wishes of the electorate whenever the voters express a demand for fiscal restraint by local political decision-makers, as can be illustrated by consideration of OBEs in Pennsylvania.[14]

During the late nineteenth and early twentieth centuries, profligate borrowing practices by local governments led to frequent financial crises and defaults on debt payments. As lenders and taxpayers became more suspicious of public borrowing, the state legislature was induced to impose severe restrictions on municipal borrowing by limiting it to 7 percent of assessed property valuation. Pennsylvania voters hoped that their constitution could be used to constrain the irresponsible borrowing practices of local politicians, but in 1935 the state legislature passed the Municipal Authorities Act which exempted "government-owned corporations" from municipal debt restrictions. Numerous OBEs were soon created to finance school buildings, airports, parking lots, recreation centers, and various other activities. Local governments no longer had to be concerned with either the immediate wishes of the voters or with the intent of the state constitution.

In the late 1940s, Pennsylvania voters began pressuring their state representatives for limits on local property taxes, much in the spirit of the "tax revolt of the 1970s." As a result, in 1949 statutory property tax rate limits were enacted that applied to cities, boroughs, townships, and school districts. The immediate response of local politicians and bureaucrats was to intensify the use of the off-budget mechanisms. The number of "municipal corporations" created tripled in 1950, and the amount of nonguaranteed bonds issued increased by 465 percent, from $11.5 million to $65 million in just one year. Thirty-four "school building authorities" alone were formed in 1950 compared to a total of fourteen in the preceding fifteen years. The amount of nonguaranteed debt issued by school building authorities increased by 583 percent in that year, from $2 million to $11.8 million.

By 1975 the number of OBEs in Pennsylvania had risen to 2,456 with $4.8 billion in debt outstanding compared to $2 billion in voter-approved "full faith and credit" local debt outstanding. As of 1975, 71 percent of total local debt outstanding in Pennsylvania was therefore not approved by and was beyond the control and scrutiny of taxpayers.

14. Schlosser, *op. cit.*

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There are two types of OBEs in Pennsylvania (and elsewhere)—the "lease-back authority" and the general operating authority. Most are lease-back authorities that do not operate public facilities; they issue revenue bonds and invest the proceeds in various projects that are then leased to local governments for specified rental payments that are paid from local tax revenues. This organizational structure provides local political decision-makers with an even greater degree of independence from the wishes of the electorate. For example, the state legislature has not yet granted municipalities the right to create lease-back electric utility authorities. Not to be constrained by either voters or their elected state representatives, local politicians have evaded this restriction by creating lease-back *water* authorities, selling their existing water systems to them, and using the proceeds of the sale to expand municipally-owned electric power systems. Furthermore, many municipalities sell existing facilities to specially created OBEs and then lease them back simply to place them off-budget and beyond the view of the voters.

Pennsylvania does not constitute a special case. In 1980, of the total long-term municipal security sales in the U.S. of approximately $48.4 billion, fully $34.3 billion or 71 percent were nonguaranteed revenue bonds. This compares to 48 percent in 1975 and 34 percent in 1970.[15] In addition, as of 1975 the nonguaranteed debt of "public authorities and special districts" is the largest single source of new state and local government security sales, comprising $23.4 billion in 1979; in contrast, guaranteed (and voter-approved) debt in that year totaled $4.4 billion for state governments and $15.6 billion for municipalities, counties, and townships combined.[16] As a percentage of total state and local government security sales, special districts and public authorities were responsible for 54 percent in 1979 compared to 31 percent nine years earlier. Off-budget enterprises undertake a massive amount of investment activity which is beyond the control of the voters, is in excess of that of regular units of government, and has been increasing rapidly as a result of state-imposed local government tax and expenditure limitations.

15. Public Securities Association, *Statistical Yearbook of Municipal Finance* (New York: Public Securities Association, 1981), p. 124.

16. U.S. Bureau of the Census, *op. cit.*, p. 300.

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OBEs and State Government

Off-budget enterprises are prevalent at the state level of government as well. There are thousands of OBEs at the state level nationwide, and there are more in New York than elsewhere. Consequently, voters in New York state cannot effectively control government spending by either constitutional means or by referendum requirements. New York's state constitution does have a referendum requirement for all proposed general obligation borrowing of the state which is backed by the "full faith and credit" of the state government. However, bond referenda in New York have placed no constraints whatsoever on government borrowing.[17]

In 1956 voters rejected a $100 million housing bond issue for the third time; Governor Rockefeller created the Housing Finance Authority which issued massive amounts of nonguaranteed debt, at one point in excess of the entire guaranteed debt of New York state. In 1961 voters rejected a $500 million higher education bond issue for the fourth time; the Governor created the off-budget State University Construction Authority. In 1965 the voters rejected, for the fifth time, a housing bond issue; the Governor created the Urban Development Corporation. By 1975, 81 percent of the total debt outstanding of New York state was the nonguaranteed debt of OBEs. In the areas of health and higher education, voter-approved debt stood at $283 million compared to approximately $5.8 billion in nonguaranteed debt outstanding for these functions. From 1964 to 1974 the state's own debt for construction programs increased by $2 billion, while the nonguaranteed debt of OBEs increased by $8 billion. Although the state's OBEs are theoretically "financially independent," they are heavily subsidized by the state and federal governments. In 1980 accumulated *state* subsidies in the coffers of OBEs amounted to about $2 billion, approximately $113 per capita.[18] It is clear that referendum requirements place no constraints on government borrowing in New York state since billions of dollars of debt are placed off-budget to finance a myriad of often extravagant projects, including horse breeding farms and "space development." As mentioned above, OBE activity in New York state is not atypical.

17. The following is based on New York State Moreland Act Commission, *Restoring Credit and Confidence: A Reform Program for New York State and Its Public Authorities* (Albany: State Printing Office, 1976).

18. Office of the Governor, *New York State Budget for 1980–81* (Albany: State Printing Office, 1980).

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Federal sponsorship of OBEs at the state and local level has been widely felt and has been nonpartisan. In 1955, President Eisenhower actively advocated federal legislation to encourage local governments to create off-budget school building authorities that could ignore restrictive debt limits in order to build schools. The following quotation seems decidedly out of character for a president who condemned the Tennessee Valley Authority, a federal off-budget enterprise and pet project of Franklin Roosevelt, as "creeping socialism."

> Many school districts cannot borrow to build schools because of restrictive debt limits. They need some other form of financing. Therefore, [this] proposal is designed to facilitate immediate construction of schools without local borrowing by the school district.
>
> To expand school construction, several States have already created special statewide school building agencies. These can borrow advantageously, since they represent the combined credit of many communities. After building schools, the agency rents them to school districts. The local community under its lease gets a new school without borrowing.
>
> I now propose the wider adoption of this tested method of accelerating school construction. Under this proposal the Federal Government would share with the States in establishing and maintaining for State school-building agencies an initial reserve fund equal to 1 year's payment on principal and interest.
>
> The State School-building agency, working in cooperation with the State educational officials, would issue its bonds through the customary investment channels, then build schools for lease to local school districts. Rentals would be sufficient to cover the payments on principal and interest of the bonds outstanding. . . In time, the payments. . . would permit repayment of the initial Federal and State advances. When all its financial obligations to the agency are met, the local school district takes title to its building.[19]

Even this brief survey of tax revolt history has ominous implications for the taxpayers: constitutional or statutory restrictions on

19. Message from the President of the United States, H. R. Doc. No. 84 84th Cong., 1st Sess. 3(1955) as quoted in C. Robert Morris, "Evading Debt Limitations With Public Building Authorities: The Costly Subversion of State Constitutions," 68 *Yale Law Journal* (December 1958), pp. 240-41.

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state and local government taxing, spending, and borrowing have never been effective; politicians have been able to ignore all fiscal constraints by the simple expedient of moving large segments of the public sector off-budget. There is much cause for concern that similar actions will be taken by the federal government.

Off-Budget Federal Outlays

The Congressional Budget and Impoundment Control Act of 1974 has been praised by *U.S. News & World Report* as "a revolutionary budget reform intended to give Congress a tighter grip on the nation's purse strings."[20] The Budget Reform Act emerged from a recognition that existing budgetary procedures generated a bias toward overspending and budget deficits. Prior to 1974 the total amount of federal spending was the product of many individual appropriations decisions; no decision was ever made regarding the total amount of public expenditure. The Budget Reform Act created a Budget Committee for each House responsible for setting overall targets for revenues, expenditures, and the resultant deficit or surplus. The Congressional Budget Office was created to assist in this process.

The main impact of the Budget Act is to make taxing, spending, and deficit levels explicit; the Act itself does nothing to curb spending. In keeping with traditions established at the state and local levels of governments, the "up-front" requirements of the Budget Act have elicited a good deal of "back door spending" at the federal level. In the wake of the Budget Act, numerous federal agencies have been and continue to be placed off-budget and immune from any appropriations process. Off-budget federal outlays, by agency, are shown in Table II. Although the projected $23.2 billion in off-budget outlays is only about 4 percent of the federal budget, this amount has increased by an astounding 23,100 percent since 1973. Most recently, the Synthetic Fuels Corporation, scheduled to begin operations in 1981, was also placed off-budget. Congress had previously authorized $20 billion for the development of this "industry." The penchant for back-door federal spending is obviously nonpartisan. Both the Democratic-controlled House and the Republican-controlled Senate, at

20. As quoted in James M. Buchanan and Richard E. Wagner, *Democracy in Deficit: The Political Legacy of Lord Keynes* (New York: Academic Press, 1977), p. 156.

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TABLE II
Off-Budget Outlays By Agency
(Billions of Dollars)

	1973	1974	1975	1976	TQ	1977	1978	1979	1980	1981[e]
Federal Financing Bank (1974)	—	.1	6.4	5.9	2.6	8.2	10.6	13.2	14.5	23.1
Rural Electrification and Telephone Revolving Fund (1973)	.1	.5	.5	.2	.1	.4	.1	– *	– *	—
Rural Telephone Bank (1973)	*	.1	.1	.1	*	.1	.1	.1	.2	.2
Pension Benefit Guaranty Corporation (1974)	—	—	– *	– *	*	– *	– *	– *	—	—
United States Postal Service Fund (1974)	—	.8	1.1	1.1	– .7	– .2	– .5	.9	.4	.2
United States Railway Association (1973)	—	*	*	.1	*	.2	.1	.1	*	– .3
Total Off-Budget Outlays	0.1	1..4	8.1	7.3		8.7	10.3	12.4	14.3	23.2

[e]estimate—Office of Management and Budget estimate in fiscal 1982 budget document.
*less than $50 million.
Source: *Budget of the United States Government*, Office of Management and Budget, 1981.

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the insistence of the Reagan administration, recently voted to place the Strategic Petroleum Reserve "off the books."

As seen in Table II the Federal Financing Bank (FFB) is by far the most active off-budget agency.[21] The FFB, a part of the Treasury Department, does business with both on- and off-budget federal agencies. The major activity of the FFB is the purchase of agency debt from funds obtained by borrowing directly from the Treasury. FFB borrowing is not, however, included as part of the Treasury's budget outlays; interest payments from the FFB to the Treasury are, nevertheless, counted as deductions from Treasury outlays. Consequently, FFB borrowing activity actually results in a reduction in outlays reported by the Treasury Department! In essence, the FFB serves as an intermediary which permits the spending of federal agencies to be placed off-budget.

A second type of FFB activity is the purchase of agency loans and loan assets. When a federal agency sells a loan to a private entity, the loan is considered repaid for budgetary purposes. Loan sales are afforded the same treatment when the FFB is the purchaser. Proceeds from the sale are counted as loan repayments rather than as a means of financing, and thus are an offset to the agency's gross expenditures. An agency's on-budget loan can therefore be converted to an off-budget loan by selling it to the FFB. In 1981 about 90 percent of all federal agency loan and loan asset sales will be sold to the FFB resulting in off-budget financing.

Rather than selling actual loans, an agency can sometimes pool its loans and issue securities backed by the pooled loans. These securities, known as "Certificates of Beneficial Ownership," can be sold to the FFB which places them off-budget.

The final activity of the FFB is its purchase of guaranteed loans. Typically, a loan guarantee occurs when a federal agency sanctions a loan between a private lender and a private borrower. The result is an interest subsidy to the borrower at no explicit cost to the Treasury, unless the borrower defaults. Frequently, however, an agency will ask the FFB to act as the private lender and purchase the borrower's note. In this case the loan guarantee becomes, in effect, a direct loan from the government, which is not reflected in the budget. In 1981 FFB purchases of loan guarantees are estimated to be $10.1 billion.

21. For a detailed discussion of the Federal Financing Bank's activities *see* Congressional Budget Office, *Loan Guarantees: Current Concerns and Alternatives for Control* (Washington, D.C.: CBO, January 23, 1979).

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Circumventing Budget Restrictions

Off-budget activities are by no means the only way in which balanced budget or tax/expenditure limitation requirements have been evaded by politicians. Politicians can subsidize a particular group without resorting to the appropriations process by enacting various forms of "sweetheart legislation." For example, import quotas on automobiles (or any other product) would restrict the supply of automobiles, increasing the prices paid by consumers and the profits of the owners of the auto industry. The effect is the same as a tax-financed subsidy—a special-interest benefit at the expense of the general public. Government regulation provides myriad ways to conduct "business as usual" regardless of budgetary restrictions.

A second type of regulation which is used to achieve the ends of politicians and entails significant non-budgeted costs is the direct regulation of industry by various agencies such as the Interstate Commerce Commission (ICC), the Federal Trade Commission (FTC), the Federal Communications Commission (FCC), and so on. Politically influential groups such as the trucking industry, the airline industry, and labor unions have used these agencies to restrict competition and increase profits and wages. For example, with the sanction of the ICC, trucking firms have been able to act as a cartel in setting their rates. Representatives of the regulated firms meet periodically to set freight rates. These "rate bureaus" have been specifically exempted from the anti-trust laws regarding price fixing. The Teamsters union has also benefitted from the ICC's policies of entry restriction, because such restrictions prevent nonunion firms from entering the industry and competing for traffic carried by unionized firms. Consequently, the Teamsters have been able to raise the wages of their drivers to a level about 50 percent higher than those in the unregulated sector.[22] Regulation of this sort, which is quite pervasive, imposes great burdens on taxpayers and consumers even though there are no budgetary entries to reflect such costs. In addition, special interest groups spend millions of dollars each year lobbying for preferential treatment; such expenses are an additional cost to society

22. Rayburn M. Williams, *Inflation: Money, Jobs, and Politicians* (Arlington Heights, Ill.: AHM Publishers, 1980), p. 105.

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since the resources could have been used to produce additional goods and services, rather than merely redistributing income.[23]

A third way in which government conducts its business without explicitly taxing or spending is by regulating the day-to-day activities of businesses regarding working conditions, finances, consumer safety, the environment, hiring practices, and so on. Although these regulatory activities may or may not result in diminished competition in various industries, they surely impose enormous costs on taxpayers in return for sometimes questionable benefits. Economist Murray Weidenbaum conservatively estimated that the direct, measurable cost of federal regulation of business was $102.7 billion in 1979, of which only $4.8 billion or approximately 5 percent was budgeted as administrative costs; the remaining $97.9 billion was the cost of compliance which was largely paid by consumers.[24]

Regulation and Labor

Government regulation has major allocative and distributive effects not only on product markets, but also on labor markets.[25] Occupational licensing requirements, for example, are a means of subsidizing special interest groups without resorting to explicit taxation. One well-known example of the effects of licensing is the regulation of the taxicab business. In New York City a license costing $65,000 must be purchased to own and operate a cab. Consequently, the supply of taxi services is severely restricted, increasing cab fares to the benefit of existing drivers at the expense of potential drivers and customers. Similar outcomes exist in other industries as a result of more than 3,000 statutory provisions requiring occupational licenses for various practices from fortune-telling to funeral directing and the practice of medicine.[26]

23. These lobbying activities have been termed "rent-seeking" by Gordon Tullock and are described in detail in James Buchanan, Robert Tollison and Gordon Tullock, editors, *Toward A Theory of the Rent-Seeking Society* (College Station: Texas A&M Press, 1980).

24. Murray Weidenbaum, *The Future of Business Regulation* (New York: American Management Association, 1979).

25. For a discussion of labor market regulation *see* James T. Bennett, Dan C. Heldman, and Manuel H. Johnson, *Deregulating Labor Relations* (Dallas: The Fisher Institute, 1981).

26. Walter E. Williams, "Government Sanctioned Restraints That Reduce Economic Opportunities for Minorities," *Policy Review* (Fall 1977), pp. 1-29.

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A second way in which government regulation of labor markets redistributes wealth is through enforcement of the minimum wage law. It is a well established empirical fact that, regardless of good intentions, the effect of the minimum wage law is to hurt precisely the group that the law is supposed to help—those with the least skills, seniority, and income.[27] If an unskilled worker, for example, can contribute $2.50 per hour to a firm's profits, and the law mandates a $3.50 per hour minimum wage, it will be more profitable for the firm not to hire the unskilled worker. Thus, increases in the minimum wage are accompanied by increased unemployment of unskilled workers, predominantly teenagers. The major beneficiaries of the minimum wage law are politicians who can convince people they are doing something positive about unemployment and poverty, relatively skilled workers who retain their jobs at the higher (minimum) wage, and members of labor unions who, being relatively skilled, compete with unskilled, nonunion labor. It is difficult to believe that labor unions in California, for example, advocate the enforcement of minimum wage laws to nonunion migrant workers because of altruism rather than a desire to price migrant workers out of the market.

"Equal employment opportunity" regulation is another way in which the government can affect the allocation of labor resources without explicit taxing or spending. One example is the "equal pay for equal work" rule, which most likely *increases* employment discrimination. If an employer discriminates by paying male workers $10 an hour and equally qualified female workers $5 an hour, in a competitive labor market the firm's female workers will be bid away at wages greater than $5 an hour. Eventually, all of the firm's female labor will be bid away, leaving the firm at a competitive disadvantage, reducing its profits. Thus in an unregulated labor market discrimination is costly to employers. Equal pay for equal work rules lower the costs of discrimination in employment since an employer's profits are no longer lowered by passing over equally qualified women to hire men. Therefore, enforcement of such laws will more likely lead to more, not less discrimination. American labor unions comprised mostly of white males are among the most vocal advocates of equal pay for equal work laws, and it is hard to believe that this concern is based on altruism. Labor unions in South Africa have similarly lobbied in-

27. Bennett, *et. al.*, pp. 86-98.

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tensely for such laws, and openly admitted that the reason for doing so is because government programs "no longer protected the white worker."[28]

Finally, government also influences labor market outcomes by enhancing the market power of labor unions via actions of the National Labor Relations Board (NLRB). A recent study has shown that the NLRB's regulation of collective bargaining has greatly enhanced the power of labor unions at the expense of those who are barred from employment by unions as well as consumers who pay the price of reduced economic efficiency and higher inflation.[29] The social cost of NLRB regulation was estimated to be at least $22 billion in 1979. Overall, the total social cost of labor market regulation was estimated to have been $170.3 billion in 1979.

In summary, it is important to recognize that *in addition* to off-budget activities, existing regulatory mechanisms permit politicians to affect the allocation of hundreds of billions of dollars of resources without taxing or spending. The predominant activity of government, the redistribution of wealth from the general public to special interest groups, is conducted through extensive regulation of product and labor markets which requires administrative expenses that are trivial when compared to the social cost of regulation.

Restricting OBEs

The American taxpayer has for decades attempted to reduce the burden of government by limiting taxes, spending, and borrowing and to make the public sector more cost conscious and responsive, particularly at the state and local levels. State politicians, in order to placate voters and pacify lenders, have enacted both constitutional and statutory constraints on taxing, spending, and borrowing at both the state and local level. The record shows, however, that such limitations have not in any way impeded the expansion of public sector activities, for off-budget enterprises not subject to voter control have been established on an enormous scale nationwide.[30] These entities are not subject to legal debt re-

28. Walter E. Williams, *op. cit.*, p. 11.
29. Bennett, *et. al.*, pp. 112-19.
30. Off-budget enterprises are not unique to the United States, but also exist in Australia, Israel, France, Italy, Japan and in Great Britain where such entities are known as "QUANGOS," an acronym for quasi-autonomous nongovernmental organizations.

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strictions and permit politicians to spend vast sums on projects that voters may find questionable. Because the spending, debt, and employment of off-budget enterprises are not included in the budgets or statistics for the political entities that form them, the reported size of the state and local public sector is grossly understated: the role of the public sector in the nation's economy is much larger than generally believed.

At the federal level, pressures have been building for a balanced budget as shown by the action of thirty state legislatures in calling for a constitutional convention to adopt a balanced budget amendment. In responding to such sentiments, President Reagan attempted to balance the budget in 1984, a difficult undertaking at best. Although the off-budget activity of the federal government has, in the past, been small in absolute terms, it is growing very rapidly. Even the Reagan administration advocated (and Congress approved) placing expenditures for the Strategic Petroleum Reserve off-budget. The lesson is straightforward: the balanced budget amendment is likely to be a totally ineffective constraint on federal spending as long as the government practices the budgetary magic of off-budget spending. In addition to off-budget activities, government regulation of product and labor markets permits government to exert a profound influence over the allocation of resources without explicitly taxing or spending. Regulation entails an implicit tax of hundreds of billions of dollars which is not likely to be reduced by a balanced budget amendment. The taxpayer who relies on a constitutional amendment to control politicians is, as the evidence clearly shows, leaning on a very weak reed.

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Reagan versus Thatcher

DAVID HALE

This is a confusing period for anyone in the United States trying to understand what is happening in the British economy. Both supporters and critics of the Reagan economic program have been trying to pin the label of Thatcherism on those with whom they disagree. Critics of the Reagan program, such as Dr. Leonard Silk of *The New York Times*, contend that the severe recession which has occurred in Britain since Margaret Thatcher became Prime Minister in May 1979 is the inevitable by-product of an economic policy which combines dogmatic monetarism with supply-side economics. The U.S., he argues, is headed down the same road because of a Reagan program which includes loose fiscal policy and tight monetary policy.[1]

Reaganites counter by attacking Mrs. Thatcher for failing to implement a proper supply-side strategy. Both *The Wall Street Journal* and Dr. Arthur Laffer blame the current British recession on Mrs. Thatcher's failure to cut taxes, reduce public expenditures, and effectively manage the growth of the money supply.[2]

Who is correct? Each side has evidence in its favor, but neither is really telling the whole story of the recent British experience. There are at least four major problems with many of the recent American comparisons between Thatcherism and Reaganism. First, however similar President Reagan and Mrs. Thatcher may appear to be in ideological terms, their economic programs differ significantly in both composition and priorities. Second, they were introduced in radically dissimilar economic environments. Third, they face substantially different structural obstacles to success. Finally, it is blandly assumed by almost everyone writing on the subject that Mrs. Thatcher has failed. While the performance of the U.K. economy since 1979 has been poor by any traditional yardstick, it is too soon to write off the Thatcher experiment totally.

1. Leonard Silk, "Lessons From Britain," *The New York Times*, (July 10, 1981).
2. Arthur Laffer, "Margaret Thatcher's Tax Increase," H. C. Wainwright, (August 6, 1979).

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Economic Programs

The differences between Mrs. Thatcher and President Reagan are apparent as soon as one starts comparing their economic programs. The major objectives of Mrs. Thatcher's first budget were redistribution of the tax burden, lower government spending, and strict control of the money supply in order to reduce inflation. There were no large tax cuts akin to those in the Reagan economic program. Mrs. Thatcher instead redistributed about 7 percent of Britain's tax burden by slashing income tax rates and making up lost revenues by increasing consumption taxes (see Table I). Income tax rates were cut from 83 percent to 60 percent at the top of the tax tables and from 33 percent to 30 percent at the bottom. Value Added Tax (VAT) was hiked from 8 percent on most items and 12.5 percent on luxuries to a unified 15 percent. Mrs. Thatcher

TABLE I

The Structure of U.K. Taxation
Percent of Receipts Raised by Individual Taxes

	1971/72	1978/79	1980/81	1981/82
Income Tax	40.1	45.0	37.0	37.3
Corporation Tax	9.2	8.6	7.0	6.1
Capital Taxes	1.9	1.9	0.8	0.8
Cap. Trans. Taxes	2.7	1.0	1.6	1.6
Total Inland Rev.	53.8	56.5	50.0	51.7
VAT	8.4	10.9	16.9	16.7
Alcohol	5.9	5.3	3.9	4.2
Oil	8.5	6.3	5.3	6.4
Tobacco	6.6	5.3	4.1	4.3
Betting & Gaming	0.9	0.8	0.7	0.7
Total Custom & Excise	31.5	31.7	33.1	34.4
Vehicle Excise Duties	2.8	2.8	2.1	3.2
Nat. Ins. Surcharge	7.8	3.0	5.4	5.0

Mrs. Thatcher's 1979 budget shifted about 7–8 percent of the U.K. tax burden from income tax to consumption taxes. Because of poor profitability and generous tax allowances, the corporate sector share of government tax receipts has been declining since the 1960s.

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also continued the established practice of annually adjusting U.K. tax brackets for inflation.

Mrs. Thatcher wanted to reduce the work disincentives for executives and other salaried people which are thought to be implicit in high marginal income tax rates, but she took a cautious approach to cutting the aggregate tax burden because the government's budget deficit was already equal to about 5 percent of GNP. Mrs. Thatcher had been strongly influenced by the teachings of Milton Friedman, and she did not want to produce a budget deficit which would undermine her plan to gradually reduce the growth rate of the money supply.[3]

Like Mrs. Thatcher, the Reagan administration is committed to cuts in government spending and slower growth of the money supply. But the Reagan approach to taxation and the overall balance between fiscal and monetary policy is far less orthodox than anything ever proposed by Mrs. Thatcher. For the period 1981–86, the Administration's program, as amended by Congress, will by most conventional definitions reduce taxes by $750 billion and expenditures by $250 billion. The Administration initially defended such large tax cuts on the grounds that they would pay for themselves through higher economic growth. In recent months, it has also argued that big multi-year tax cuts will frighten Congress into approving further large reductions in government spending.

Such a policy represents a very bold gamble because the Administration's ambitious plans for defense spending mean that any future budget cuts will have to affect the big politically sensitive transfer payment programs, such as social security and medicare. Those programs now account for almost one-half of the federal budget compared to less than 25 percent twenty years ago. The defense share, by contrast, has shrunk from 49 percent in 1960 to 24 percent in 1980. If the Administration is successful in persuading Congress to accept its spending proposals, it will have achieved a restructuring of federal spending priorities without precedent during peacetime. If it fails, the budget deficit could be in the $70–100 billion range for the next several years even without a recession in the economy.

3. Mrs. Thatcher's money targets were based on the Sterling M3 definition of money, which includes currency, demand deposits, and time deposits of U.K. residents. M3 was chosen as the target because previous reliance on more narrow definitions of money were thought to have misled policy. In the U.S., by contrast, M1 (currency and demand deposits) continues to be the Fed's primary policy target.

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Because the outlook for fiscal policy is still so uncertain, the Federal Reserve is being forced to carry all of the burden for preventing alarm about the budget deficits from worsening inflation expectations. Many Administration spokesmen, as well as the editorial writers of *The Wall Street Journal*, have argued that the Reagan budget deficits will pose no problem if the Fed simply refuses to monetize them.

Technically, they are correct, but such a restrictive policy stance in the face of big government financial needs would merely shift the burden of adjustment onto the private sector, creating a recession, new Treasury revenue shortfalls, and even bigger government deficits. In fact, the high interest rates required to suppress private sector credit demands are themselves swelling the budget deficit.

TABLE II

Government Finance and Money Growth

	Public sector financing/ GDP ratio %	Money supply growth %	Increase in retail price index %
1948–52	– 0.5	1.8	6.1
1953–57	3.1	1.4	3.6
1958–62	2.6	3.3	2.5
1963–67	3.1	6.7	3.3
1968–72	0.6	12.1	6.6
1973–77	6.2	14.0	16.3
1978–79	5.4	14.1	10.9

The government's finances and money supply growth—the quinquennial data, average annual values.

Many analysts argue that budget deficits will not be inflationary if the central bank refuses to monetize them. Technically, they are correct and the biggest budget deficits in both Britain and the U.S. have tended to occur during recession periods when inflation actually declined. As the data above suggests, though, if one averages business cycles or groups of years together, there appears to be a strong correlation between the long-term deterioration in the British government's financial position (public sector financing/Gross Domestic Product) and money supply growth.

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The potential imbalance between fiscal and monetary policy also poses extra large risks today because the deregulation of deposit interest rates has made the economy and financial system more resilient in the face of high interest rates than previously. The persistence of high interest rates has caused the bankruptcy rate for small business to soar and could at some point bring down a major corporation. It also will force the Treasury to spend $5–6 billion on tax subsidies to the thrift industry through the new tax exempt savers' certificate, a subsidy which will only increase the crowding out pressures on business borrowers.

Whereas Mrs. Thatcher's policy team was dominated by monetarists, the Reagan program is the product of two different and sometimes competing groups of economists. First are the so-called "supply-side" economists, who in many ways are really pre-Keynesian classical economists. The classical economists were interested primarily in the behavior of the firm and the individual, or what is now called micro-economics. Their major policy concern was the maintenance of an unfettered and efficient marketplace where the economy would achieve prosperity on its own. They did not worry about meeting annual targets for such macro-economic variables as Gross National Product or full employment. Indeed, those concepts did not even exist until the Great Depression and the Keynesian revolution caused governments to take a much more active role in the short-term management of the economy. Second are the monetarists, who share many of the same philosophical attitudes toward the marketplace and the role of government as the "supply-siders," but whose first priority is the creation of a stable disinflationary economic environment through strict adherence to steady well-defined targets for the growth of money.

The supply-siders have brought a refreshing change of priorities to Washington. Instead of trying to "fine tune" GNP with carefully timed injections of nominal demand or loose money, they are trying to improve the whole tax and regulatory micro-economic framework for work, savings, and investment. There is no automatic reason why they and the monetarists should disagree. The problem is that they have embarked upon such an ambitious program of tax reform that it is potentially incompatible with the other elements of macro-economic policy.

The tax cuts are so massive when compared to probable spending cuts and the rates of economic growth implicit in the Federal Reserve's money growth targets that the arithmetic of the Reagan

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budget strategy simply falls apart. Indeed, it could be argued that we have a fiscal policy with no real macro-economic framework, and a monetary policy which by definition limits the economy's growth rate to a level at which fiscal policy will not work. The Administration has yet to determine which of its objectives—economic growth, money supply restraint, reduction of inflation, or military spending—should have first priority. In so ambitiously pursuing all of them, there is a high probability that it will achieve none.

Initial Economic Conditions

The second major difference between the Thatcher and Reagan programs is the initial economic environment in which their programs were introduced. Mrs. Thatcher's program was derailed almost from the start by a combination of domestic and external inflation shocks. The previous Labor government had stimulated the British economy in the run-up to the May 1979 general election. After three years of pay controls, wages in the private sector were accelerating at a 14 percent annual rate while workers in the public sector were demanding adjustments for both gains in the private sector and previous years of austerity. Inflationary pressures in the world economy, meanwhile, rapidly were worsening because of the Iranian revolution and the consequent doubling of oil prices.

Mrs. Thatcher's big hike in Value Added Tax added to the wage push momentum already building up in the economy. By the autumn, wages were growing at a 21 percent rate compared to 1978 levels. Despite its plan to cut government expenditures, the new Conservative government also agreed to accept the recommendations of the previous government's comparability commission on public sector pay. This produced earning increases for civil servants of 24 percent between the third quarter of 1979 and the third quarter of 1980.

The government's unwillingness to resist huge public sector pay increases, on top of the external inflation shocks spreading through the economy, meant that Mrs. Thatcher could achieve her money supply growth targets only by intensifying the financial squeeze on the private sector. In November 1979, interest rates were raised to a record high of 17 percent in order to discourage companies from making pay settlements as large as those in the government

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sector. They had already been hiked from 12 percent to 14 percent at the time of the June budget.

While high interest rates made monetary policy seem very tight, it did not produce a rapid braking effect on either money or credit for three reasons. First, because both corporations and government had to borrow in order to finance inflationary pressures already in the system. Second, because the Bank of England was not following a strict reserve targeting rule similar to that which the Federal Reserve has been trying to adhere to since 1979. Although the Bank permitted interest rates to rise to record levels, it was actually supplying reserves in order to prevent market pressures from driving interest rates even higher. Third, the Bank's own statistical definition of money had been distorted by a set of controls on bank lending introduced by the previous Labor government and continued by Mrs. Thatcher. This "lending corset" shifted money growth outside of the banking system, and thus made it difficult for the authorities to know what was really happening to the money supply.

Instead of reducing inflation through slower money growth, high interest rates reduced Britain's inflation by combining with North Sea oil to produce a sharp appreciation in the value of the pound. The inflation-adjusted trade-weighted value of the pound increased from an average of 101.7 in 1977 to a peak of 151.2 in early 1981.[4] The Bank of England's record interest rates turned the pound into a high yield petro-currency. U. K. industry was already experiencing both liquidity and profitability problems because of the pay explosion. The sharp increase in the value of the pound greatly exacerbated its difficulties. Exports become much less competitive. Imports become more competitive and forced domestic manufacturers to restrain their own price increases. The rate of inflation fell, but at the cost of a terrific squeeze on profits.

An August 1980 editorial in the *Financial Times* explained how an economic policy designed to reduce consumption and promote investment had accomplished the very opposite. The comments were prompted by a disastrous profit result from ICI, Britain's largest chemical company:

> If the lunatic fringe were to seize control of the Labour Party and go to the electorate with a promise to expropriate all pri-

4. World Financial Markets, Morgan Guaranty Bank.

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> vate profits and hand them over to the workers, it is hard to imagine anyone taking them seriously. . . . It is therefore hard for investors to understand what to make of the spectacle of a Tory Government administering an economic policy which has had the effect of protecting real wages and reducing the profits of Britain's largest industrial company, ICI, to a level where they are scarcely adequate to cover the depreciation of plant and equipment and to pay an unchanged dividend. . . . What the Government has inadvertently achieved, as a result of the strength of Sterling during a year and a half of rapid wage inflation, is an unprecedented shift of national income from profits to wages. The share of employment income in GDP has jumped from 68% to 73% in the two years up to the first quarter of this year—and it is only since then that the profit squeeze has taken hold. The whole benefit of North Sea oil, and more, has been channeled from the corporate and public sectors to the personal sector.[5]

Companies retrenched by slashing production, laying off workers, and reducing inventories on a scale unprecedented since the 1930s. The number of people employed in manufacturing fell by almost 14 percent (900,000) in the two years to March 1981. In the service sector, by contrast, employment declined by only 2.5 percent (310,000). Manufacturing suffered the biggest shocks for two reasons. First, it produced tradable goods which were affected by the pound's rising value whereas services were largely unaffected by the exchange rate. Second, Britain's tax laws since 1974 had provided tax incentives for inventory investment and thus had encouraged firms to carry excessive inventories. As financing costs skyrocketed and profits shrank, it was inevitable that firms would try to solve their liquidity problems by dumping inventories and slashing production.[6]

As unemployment soared, the government's budget deficit widened from $10.8 billion (£5.4 billion) in 1977–78 to $26.4 billion (£13.2 billion) in 1980–81. The public expenditure share of GNP increased from 41.5 percent in 1979 to 45 percent in 1981. The government's money targets also proved very hard to attain. After the abolition of the corset on bank lending in mid-1980, lending

5. "The Squeeze on Profits," *Financial Times* (August 30, 1980).
6. "Hopes and Productivity Are Rising as Sterling Falls," *The Economist* (September 12, 1981).

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activity returned to the banking system and produced an immediate 8 percent jump in money supply spread over two months. Money growth has since slowed, but it took more than eighteen months of economic slump to bring it under control. The Bank of England's interest rate management policy made money supply follow the economy rather than control it during Mrs. Thatcher's first year.

Whereas Mrs. Thatcher had nothing but bad luck with inflation during her twelve months, Mr. Reagan has enjoyed relatively good luck. When he took office, the U.S. economy was in the third quarter of a modest recovery and inflation pressures were starting to unwind from the double digit levels of 1979 and 1980. The world economy had entered a period of gradual disinflation as well. The Carter administration pursued stimulative policies during the six months before the November election, but the inflationary effects of those policies were cancelled out by a very tough Federal Reserve policy during the Spring and early Summer of 1981.

The high interest rates resulting from the Fed's policy have had some of the same effects on the dollar as the Bank of England's high interest rates had on the pound. On a purchasing power parity basis, the dollar is now overvalued by nearly 14 percent. Because of the dollar's sharp appreciation, U.S. exports are having a more difficult time competing in world markets while U.S. manufacturing companies sensitive to import competition cannot raise prices as easily as before. Like the overvalued pound in 1979-80, the overvalued dollar is shifting income from corporations to consumers through a profit squeeze and lower inflation. Ultimately, this process may self-correct in new layoffs and a recession, but nothing on a scale comparable to that in Britain since 1979.

Mr. Reagan has also had a much easier time controlling the public sector's wage demands. He has broken the air controller's strike by using military personnel while the post office has accepted only a modest pay hike.

If the Reagan economic strategy gets into serious trouble during the next twelve months, it will not be as a result of exogenous inflation shocks. It will be because the conflict between fiscal and monetary policies in the U.S. has resolved itself through high interest rates, a squeeze on the private sector, and recession. Many analysts will then compare the poor performance of the U.S. economy to the recent British experience, but the starting points will have been very different.

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Structural Obstacles

The third major problem with recent Thatcher/Reagan comparisons is the different magnitude of the structural challenges facing the U.S. and U.K. economies during recent years.

All of the major industrial countries had serious problems during the 1970s with inflation, unemployment, and loss of markets to the newly industrializing countries, but it is in Britain that these difficulties have been most severe. Indeed, the growth rate of the British economy during the 1970s was the lowest of any decade since the Industrial Revolution began 200 years ago.

Britain's industrial decline began long ago, but it has been greatly accelerated during the past few years by the impact of North Sea oil on the value of the pound. Mrs. Thatcher probably made the adjustment to North Sea oil more rapid and painful than it would otherwise have been by raising interest rates and increasing the pound's appeal as a petro-currency, but North Sea oil would have caused an upheaval in British manufacturing industry during the early 1980s whichever party controlled the government. Until the late 1970s, U.K. industry had been accustomed only to devaluations. When the pound moved dramatically in the opposite direction, British businessmen had to change the habits of a lifetime. It could be argued that this change was long overdue, and that it will encourage U.K. industry to move upstream to higher value added products which do not compete on the basis of price. But it will take time for this process to occur. So far U.K. industry has seen only the destructive side of North Sea oil.

The transition through which Britain is now passing would be a difficult one for any industrial society, but it is especially troublesome for Britain because of its historical problems with industrial relations and economic adaptability. Britain has one of the highest levels of unionization of any industrial country. Thirty-five percent of its private sector workforce belongs to unions. Eighty-three percent of its public sector workforce are union members. The second number is especially significant because the public sector, including nationalized industries, accounts for almost one-half of the economy. Many of the industrial unions in the private sector are also based on pre-World War II craft functions and thus frequently tend to be hostile to economic changes which might eliminate the need for their members' skills.

Britain's unions have had two very damaging effects on the economy during the past twenty years. First, they have tended to drive real wages to levels which were uncompetitive and thus in-

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creased the economy's natural level of unemployment. Second, they have been very effective during the past decade at pushing the income losses from external inflationary shocks, such as OPEC price changes, onto the corporate sector. The resulting deterioration in profitability has further worsened the British economy's ability to generate investment and create new jobs. The government has also added to these structural distortions by providing generous social security benefits which often encourage people not to work and by pursuing housing policies that create labor immobility.

Previous attempts to reform the trade unions, either through incomes policies or actual legal restraints, under both Tory and Labor governments, have failed. As a result, British governments over the course of the 1970s became increasingly tolerant of high unemployment as a legitimate tool of anti-inflation policy. However much the coincidence of North Sea oil and high interest rates may have worsened the situation recently, the sharp increase in the level of unemployment under Mrs. Thatcher, from 1.5 to 3.0 million, is merely an extension of a trend going back more than a decade. Indeed, one recent study by economists at Liverpool University estimated that nearly two-thirds of Britain's unemployed were jobless because of structural economic rigidities, such as high real wages or geographic immobility, rather than just the recent recession.[7]

Britain used to resolve the problem of unrealistic wage demands and structural inefficiency by letting inflation and currency depreciation reduce the real value of pay increases. If inflation is to be suppressed and no longer play its traditional role as a compromise solution to the struggle over income shares, unrealistic pay growth can only result in high unemployment. Mrs. Thatcher can, of course, be faulted for not doing enough to change trade union laws or modify regulatory policies which have built employment-destroying biases into the U.K. economic system. But if she has done too little in this area it is largely because most of her predecessors have tried and failed.

The U.S. economy inherited by Mr. Reagan has some structural problems which bear a striking similarity to those of the United Kingdom. Wages have been rising three or four times as

7. Patrick Minford and David Peel, "Is the Government's Economic Strategy on Course," Lloyd's Bank Review (April 1981).

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rapidly as productivity growth since the late 1960s. The auto, steel, and rubber industries have serious competitiveness problems because of unrealistic wage rates and in some cases obsolete plants. Numerous government regulations, such as the Davis Bacon Act or the minimum wage laws, have built inflation-generating and employment-destroying biases into the U.S. economic system.

Taken as a whole, however, the structural problems in the U.S. economy are not nearly as severe as those in the U.K. economy. The public sector represents less than one-third of the U.S. economy. Only about one-fifth of the work force are union members. As the air controller strike illustrates, U.S. public sector workers also enjoy relatively little solidarity with other members of the labor movement. American unions are viewed strictly as pay bargaining agents, not as the government's social partner in the determination of important policy questions. The intellectual and social climate in the U.S. is also much more conducive to economic adjustment than that in modern Britain. In promoting his program, President Reagan has been able to invoke a well-established American folklore about the frontier spirit and the great economic success made possible by the capitalist ethic. British society contains many more elements, on both the Left and Right of the political spectrum, with deeply embedded hostility to capitalism.

Indeed, the major structural problem facing the Reagan administration is not so much the run-down condition of the U.S. economy as it is the run-down condition of the U.S. military. The country has to shift a substantial amount of real resources to the defense effort if the Russians are not to achieve military supremacy. This defense build-up will require a diversion of resources from other sectors. The Administration hopes to shift the burden of adjustment in the federal budget onto non-defense discretionary spending programs. It is questionable, however, whether the President and Congress can jointly find enough money in that portion of the budget to accomplish the Reagan defense objectives without jeopardizing the tax cuts or the big, politically sensitive transfer payment programs. If they cannot, the defense build-up may eventually force the President to reshape other parts of his program and accept a less robust economic recovery than he had hoped for.

Results Still Coming

The fourth major problem with recent Thatcher/Reagan comparisons is that they assume the Thatcher experiment has com-

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pletely failed. While no one could describe the Thatcher strategy as successful, it has not been without some beneficial consequences which could be important to Britain during the next world economic recovery. First, the high rate of unemployment has permitted British companies to make substantial changes in work practices which are producing a surge in productivity even with output stagnant. Data for the first half of 1981 show British productivity rising at 11 percent, per annum, over Japanese levels of efficiency. Second, some firms have taken advantage of the overvalued exchange rate to import new capital equipment, which also will improve British competitiveness. Third, the government has produced a significant change in the rate of inflation and in wage behavior without resorting to wage and price controls. British businessmen and trade unions will therefore be much more respectful of the government's money supply targets and inflation objectives than they were previously.

In addition to these positive developments, North Sea oil will eventually give Mrs. Thatcher a second chance to reduce taxes and promote economic growth. The government's revenues from oil are projected to grow from $4.4 billion (£2.2 billion) in 1979–80 to $20 to $30 billion (£10 to 15 billion) by 1985. If the Conservative government can hold the line on spending, these tax receipts should give Mrs. Thatcher a second chance to make new tax cuts while also reducing government borrowing and interest rates.[8]

Many pessimists warn that these changes in the British economy will fade when conditions improve. They contend that all of the recent improvements in productivity and worker realism about pay are a temporary phenomenon, resulting from the stick of high unemployment rather than the carrot of any Thatcher-inspired reforms in the area of industrial relations and economic regulation. They compare Mrs. Thatcher to a school teacher who severely punishes badly-behaved children but does nothing to encourage good behavior.[9]

Moreover, the intermediate-term outlook is being clouded by political uncertainties. The closer Britain gets to the next general election, the greater will be the concern about the possible election of a Labor party controlled by its militant Left wing. Admittedly, the recent by-election successes of the new Social Democratic Party have increased the possibilities of a second, more moderate alter-

8. Tim Congden, *Financial Analysis*, L. Messel & Co. (January 1981).
9. Brian Reading, *Dillon Reed World Economic Review* (September 1981).

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native to Mrs. Thatcher than the Labor party. But even this new alternative does not eliminate all the risks. Because of Britain's simple plurality method of electing M.P.s, it is theoretically possible that in a three-way split Labor could win a parliamentary majority with only 30 percent of the popular vote.

Whether or not Labor actually wins the next general election does not matter at this point. What matters is that mere discussion of the possibility will tend to encourage a capital outflow from Britain, weaken the currency, and thus worsen the country's inflation problem. The fact that the Mitterand victory in France came as such a shock will also reinforce these tendencies. At present, there is simply no way of knowing whether the upheavals of the past two years will lead to a stronger British economy during the next world economic recovery or a return to the inflationary stop-go cycle of previous years. Just one thing is certain. Both the political and economic situation in Britain are more fluid today than at any time since the 1920s.

Comparisons With Edward Heath

While the ideological similarities between President Reagan and Mrs. Thatcher have caused commentators to focus upon comparisons between the two leaders, the most interesting and most meaningful comparisons from an Anglo-American perspective may not be Reagan/Thatcher but President Reagan and the previous Conservative Prime Minister, Edward Heath.

Eleven years ago Edward Heath tried to launch the British into a high growth orbit by cutting personal income taxes, greatly expanding depreciation allowances, reducing government spending, reforming the trade unions, and letting the pound float freely. Like the Reagan program, the Heath program had many ambitious objectives, some of which were contradictory, and only one of which was lower inflation. In what also may be a harbinger of things to come in the U.S., considerable bitterness developed between Mr. Heath and the City of London financial community. Many in the City were suspicious of the Heath program and he accused them of being more interested in real estate speculation than in the revitalization of British industry.

The Heath program collapsed in 1974 when a desperate effort to stem rising inflation pressures with a statutory incomes policy ended in a coal strike and general election defeat. Some of the inflationary pressures which destroyed the Heath government resulted from international developments, such as the world commodity

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price boom and the quadrupling of oil prices in 1973–74. But much of the inflation also resulted from the government's own inability to control its spending and confusion about how to interpret, let alone manage, the money supply during a period of rapid financial change. As in the U.S. today, banking deregulation was causing massive shifts in the deposit base of the financial system.

Stripped of its monetarist elements (and they are, for the time being, very important), the Reagan program is as ambitious an economic growth and reform program as the Heath program of the early 1970s. Lower inflation is one of its objectives, too, but the budget risks built into the program indicate that it is not nearly so overwhelming a priority as it is in Mrs. Thatcher's program. So far the major risks in the Reagan program have been that the Fed would adhere religiously to its money growth targets, force all of the adjustment to government borrowing pressures onto the private sector, and precipitate either a recession or a prolonged period of stagnation bearing heavily upon interest-sensitive industries such as housing, autos, and capital spending. At some point in the future, though, the risks may shift in the opposite direction. If the performance of the economy starts to become a political liability, the Reagan administration may discard some of its monetarist philosophy in order to give the economy more room in which to grow. In fact, the pressures for a U-turn may be more intense here than in Britain because the U.S. holds congressional elections every two years, not every four or five years. The year 1982 is also the last time in this decade that there will be twice as many incumbent Democratic Senators up for re-election as Republican incumbents. If the Republicans are to hold on to their prized Senate majority against the attrition which is likely in 1984 and 1986, when their big incumbent classes will be up, it is essential that they add three to five seats next year.

It is unlikely that the Reagan administration would make a flagrantly inflationary U-turn, but it would probably muzzle some of its own resident monetarists and encourage a more permissive Fed policy than it has recently. If the financial markets react unfavorably to such an easing in policy, the Administration also may be forced to make a U-turn in fiscal policy. This U-turn could take several forms. Congress might vote to delay the planned tax cuts until there is more visibility on spending cuts. The Administration itself might propose some alternative sources of revenue, such as excise taxes or consumption taxes. The Administration might also try to build upon the original supply-side attack on

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high marginal income tax rates by totally scrapping the present system of income tax brackets and going to a flat rate income tax system with minimal deductions and write offs. Some analysts have suggested that a flat rate income tax of 16 or 17 percent could provide the government with sufficient revenue to meet all its projected spending needs. A flat rate income tax would also have the advantage of eliminating interest deductibility for consumer loans and thus making it easier for the Fed to restrict the growth of credit. Under current tax laws, interest rates must go to very high levels in order to discourage consumer borrowing.

In fact, it could be argued that the major problem with the Reagan economic program is not the size of the proposed tax cuts, but their composition. The Reagan program basically adjusts existing tax brackets for inflation; it does not reduce upper income marginal tax rates enough to discourage borrowing or eliminate disincentives to save. At 8 to 9 percent inflation, real after-tax returns on most financial assets will continue to be negative, while incentives to borrow will remain large. A flat rate income tax would fundamentally alter these relationships, giving a significant and sustained boost to the savings rate. The projected Reagan budget deficits are not large in relation to GNP (2 to 4 percent, compared with 4 to 5 percent in Germany and Japan); but they are large in relation to the low savings rate in the U.S. Increasing the savings rate would reduce crowding out pressures.

Whatever the final solution, though, the Administration could find itself in the embarassing position of having to recommend substantial modifications in its tax program as a necessary prerequisite to lower interest rates and higher economic growth.

The important point to remember in any Reagan/Thatcher comparison is that the Thatcher program has been fiercely and dogmatically imposed upon Britain as much because of the failures of the Heath government as the preceding Labor government. The Heath government came into office with a manifesto every bit as free market oriented and anti-inflationary as Mrs. Thatcher's, but it was abandoned after a year because of a deteriorating economy. Mrs. Thatcher, too, has been forced to make concessions, but so far they have been the minimum required to maintain the government, not broad policy changes. Indeed, she permitted interest rates to rise during September in order to correct any impression that she was easing policy too much.

The Reagan administration has done more to change the political and economic environment in the United States than practically

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anyone thought possible twelve months ago. Unlike the Labor party in Britain, even the Democrats have moved to the Right and accepted much of the Reagan program. But the Administration itself has still not been tested under conditions of adversity. It has, if anything, been remarkably lucky. When that luck starts to turn and the contradictions in the program become more apparent, the personal comparisons between Thatcher and Reagan will become much more interesting. Only then will we know whether Reagan is as tough and determined an inflation fighter as Mrs. Thatcher or whether, like Edward Heath, he will have to bend under the pressure of events and accept unpalatable compromises with inflation, tax increases, or incomes policies in order to keep the U.S. on a dash for economic growth and rapid rearmament.

Lessons of British Monetarism

Because of the severe recession in Britain since 1979 many commentators have condemned monetarism as an inhumane and ineffective approach to economic management. While it is natural that the recent British experience would prompt such criticism, the situation requires some historical perspective.

First, it should be understood that Britain embraced money targets partly because of the breakdown of the fixed exchange rate system in the early 1970s. Before the movement to floating exchange rates, the principal check on inflation in Britain had been concern about the external value of the pound. Economic policies, which were perceived by the markets to be too stimulative or too inflationary, typically led to a run on Sterling and forced the government to change course. When the fixed exchange system broke down, the U.K. authorities lost a critical policy anchor. They and the public no longer had a self-defining crisis to help them restrain inflation pressures before they got out of control. Money targets were invented in order to provide a new policy anchor.

Second, Mrs. Thatcher's economic policy has never been strictly monetarist, as many American monetarists define the concept. The Bank of England manages interest rates and injects or takes away reserves when its interest rate targets are threatened. The Federal Reserve used to follow such a policy but shifted to a more quantitative method of reserve management in October 1979. During 1979 and 1980, the Bank of England pegged interest rates at a level below the market clearing rate *vis-a-vis* its money targets, so its policy was not nearly as tight in monetarist terms as outside observers often suggest. The high interest rates resulting from the

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policy helped to produce a severe recession and lower inflation by causing the pound to become grossly overvalued. High interest rates did not initially restrain the growth of money and credit because corporations had to increase their borrowing in order to finance sharply rising wages at a time when profits were being squeezed.

Policy was also less tight than commonly believed because of the distortions in the money supply figures resulting from the abolition of U.K. exchange controls in 1979 and the imposition of official restrictions on bank lending the previous year. Both caused money growth to shift outside of Sterling M3, which was the basis of the government's money target. The British have invented a new law to describe this monetary adaptation phenomenon. It is called Goodhart's Law, after Sir Charles Goodhart, the chief monetary economist of the Bank of England. Goodhart's Law says that "whenever the government decides to control a particular definition of money, that definition changes meaning within a year."

The U.K. experience with monetarism has four major implications for U.S. policy-makers. First, money targets will have meaning only if they are complemented by targets for the growth rate of nominal GNP. Regulatory changes and financial innovations are causing money to behave differently than it did during the period when no one was actually trying to manage some definition of it. A target for nominal GNP, which includes all money income and spending in the economy, will tell the authorities if the money statistics are misleading and if their policy is too stimulative or too restrictive.

Second, money policy will tend to bear more heavily upon the corporate sector than the consumer sector, especially if it also causes the exchange rate to appreciate. In the U.S., high interest rates have caused significant weakness in the auto and housing industries but they have still not been able to produce a severe or prolonged downturn in total consumer spending. High interest rates have instead produced a profit squeeze through an overvalued currency and modest contraction in capacity utilization rates. So far this profit squeeze has helped to sustain the economy by lowering inflation and boosting real consumer income, but at some point it also will cause a slump in business spending and possibly a full-scale recession.

Third, a recession does not automatically create the preconditions for falling interest rates. Despite a severe slump in output and employment, British interest rates are higher today than they

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were two years ago. The Bank of England has been unable to permit significant declines in British interest rates for two reasons. First, because it might have an overly adverse impact on the value of Sterling and cause Britain to lose many of the inflation gains which resulted from the pound's earlier appreciation. Second, because of the previous history of policy U-turns in Britain whenever unemployment increased, policy can achieve credibility today only by staying tough for longer than expected.

This second factor has also been at work in the U.S. during the past few years. High interest rates have not produced a sustained slump in business activity because everyone expects that interest rates will soon fall. From time to time the Fed has actually had to pursue a tougher policy than the money statistics alone might have warranted simply to persuade businessmen and consumers that its anti-inflation resolve had staying power. Once everyone becomes convinced that interest rates cannot decline and adjusts their behavior accordingly, the preconditions will be in place for a decline. Indeed, business activity in the Autumn of 1981 was weaker than most forecasters predicted because pessimism about interest rates finally changed economic expectations.

Fourth, the technical problems associated with monetarism suggest that currency crises and bond market upheavals will continue to play a useful role in regulating the behavior of policy-makers. Some would take this point one step further and argue that we should return to fixed exchange rates or even a gold standard in order to build inflation trip wires into the financial system at the earliest possible point. In fact, Dr. Arthur Laffer is now arguing that the Reagan economic program will work only if the Administration returns to the gold standard. A return to gold, according to Dr. Laffer, would give the financial markets more confidence in monetary policy and thus permit the inflation premiums in bond yields to decline. Dr. Laffer's suggestion is not illogical, but bond yields are at record highs precisely because the markets are frightened of the potential financial consequences of the Reagan program. The crisis in the bond market is the trip-wire which will probably force the Reagan administration to return to more orthodox economic policies. In many ways, the U.S. bond market is playing the same role which Sterling crises played in guiding British economic policy during the fixed exchange rate period of the 1950s and 1960s.

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Conservatism and Foreign Aid

GRACE GOODELL

To live at the grass-roots level in a World Bank project area in the Third World, as I have done in two different countries for several years each time—where tens of thousands of families are forcibly relocated, often hundreds of miles from their homes and in a different climatic zone, or where hundreds of thousands of acres of peasant farmland and villages are redesigned in a single plan drawn up in distant skyscrapers—to be such a World Bank beneficiary is to experience a world quite apart from even the most tenuous forms of Reagan-style political checks and balances. Here technocrats controlling one's basic livelihood are not even accountable to the normally Byzantine labyrinth in Manila or Jakarta, but rather to foreign-tongued financiers on H Street in Washington, who may not even maintain an office in the country of their operation! By tightening the powers of the national elites beyond any possibility of resistance within a developing society's often weak social fabric, and by legitimizing—indeed goading—these elites' paternalistic claims, massive western aid projects can be charged with much of the responsibility for the syndrome of overbearing government and popular (even middle-class) apathy that marks Third World poverty. More urgently, these massive aid projects bear a good deal of the blame for the chaos in a society like Iran or South Vietnam, where local and middle-range political structures were systematically destroyed by centralized planners and developers.

Despite the fact that many Third World societies still need blackboards and chalk, dirt roads and barefoot technicians, the World Bank hardly *considers* any project that will borrow less than $8 million—surely making the Bank itself a major perpetrator of the spiralling debt and dependency of many poor countries. But far worse, the larger the sum, the more certainly it entrenches centralized power, pressing down on precisely those people of enterprise who should be stirring themselves. This enervating centralization is especially foreboding since the Bank specifically targets regions and sectors with the highest economic promise.

For example, the Bank's new Universal Banking program, a requirement for the Philippines' $200 million industrial develop-

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ment loan, forces the consolidation of all the nation's provincial family banks into a few enormous enterprises to be run by national—no longer local—elites. The program's goal is to have the entire banking sector under the control of only five banks! One prominent foreign planner in Manila states flatly that "if things go well with Unibanking we will have the problem of bigness: should there be more than a handful of banks left in the country by 1985 the plan will have been a failure."

As Unibanking begins to be implemented we see that it will not only consolidate and centralize all of the country's major capital resources, but in doing so it will hand many of them over to *government* elites: two of the first three Unibank licenses have been granted to government banks, and the third, to Defense Minister General Enrile's United Coconut Planters Bank. The next two in line are also closely linked to the government establishment.[1] The Filipino press calls attention to the contradiction between the Reagan administration's prescriptions for *America's* prosperity at home and the World Bank's requirement that *their* country adopt Universal Banking over the strong objections of prominent Filipino businessmen. How can America be a model of free enterprise capitalism, asks one popularly circulated commentary, when this plan proves her to be "the architect of monopolies?"[2]

The drastic change in political and economic philosophy of the president of the United States a year ago came at the same time as a change in president at the World Bank. Will the new conservatism in the White House be reflected in new directions within the World Bank? This question is most provocatively posed by Mr. Reagan's own outspoken opposition, on grounds of principle not simply expediency, to political centralization, government paternalism, big spending, and fiscal deficit—factors which are *magnified* by the increasingly ambitious scale of World Bank operations among and for the indigent.

What if conservatives were convinced that the interests of America itself cannot be realized until local participation thrives in Pakistan, in Tanzania, in Chile, and in the Philippines as much as Tocqueville found it decisive in New England?

What if Mr. Reagan wanted our foreign aid to encourage local self-direction and to strengthen indigenous mechanisms against centralization and corruption, as he says he wants for America it-

1. *The Asian Wall Street Journal*, July 25, 1981, p. 2.
2. *Ibon*, #51, 30 September, 1980, p. 8.

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self? What if he really did believe that these are fundamental requisites for the welfare and endurance of any commonweal, as necessary for the Third World as for the United States? If the Reagan administration were willing to act on its principles, what alternatives exist for us to help the poor—and, indeed, the middle class—in the Third World to take more of their own development in hand, while at the same time serving as watchdogs over those services which can only be performed by their governments? (After all, though often illiterate, surely the slum dwellers and peasants of the Third World are far better informed about their local needs than were our own unlettered forefathers, immigrant settlers in a strange land.)

Development From Above

The most common American approach to building local capacity for economic development simply takes out to the poor the amenities we know they need, instructing them in how to use these improvements correctly: pumps, new seeds, clinics, electricity. On their part, the poor wake up one morning to find that their government has brought them one more thing not even of their asking—a vast irrigation system, or a tractor for every five villages—virtually free. We operate like surgeons on these etherized communities without so much as a nod of their consent.

Development practitioners justify the power that this approach gives the Third World elites and planners—and the concomitant sense of helplessness in the local people—by insisting that illiterates and poor people need others to make development decisions for them. Corrosive though this is for citizen responsibility and self-reliance as traditionally advocated by conservatives, and contrary though it is to American history, most World Bank projects and USAID programs set out to develop a nation in just this way. Such aid planners argue, when pressed, that the poor can and will direct their own development *after* their income has been raised for them. This, of course, denies the debilitating effects of paternalism on the grass-roots population during the "uplifting" process itself; it also glosses over centralization's irreversible entrenchment of power once control is firmly established at the national level.

But what is the purpose of entering into discussions with the poor about their development if they may not know what kind of assistance they need? A woman who has never heard of an I.U.D. can hardly ask for one. Or if we know what they are going to an-

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swer anyway, and we agree with them? For instance, we know that most poor farmers under pressure to modernize their agricultural practices will place credit high on their list of needs, and so do we, on our list for them—so why bother asking them? (Of course, even at the broadest level we are never sure that outsiders can perceive a region's needs accurately. In one study conducted in the Bicol region of the Philippines, farmers and bureaucrats were asked to rank local development priorities. Few of the same items appeared on both lists.[3])

The reason for involving the poor in their own development is not to gain their suggestions *as the sole end in itself.* After all, poverty rarely comprises a mere lack of material goods. Rather, the main purpose of involving the poor in their own development is to strengthen their initiative and critical abilities, and to help them build their own reliable channels for expression as well as for accountability. To achieve these goals, they and we must take their initiatives seriously. Except in desperate cases the material gains of "development" should serve mainly as a carrot to induce local people to acquire for themselves, *in the process* of achieving economic benefits, indispensable political skills and institutions which are far more difficult to establish (or to strengthen these when they already exist).

The trappings of economic development are transitory, but the fundamentals of political maturity will serve a society well, decade after decade, helping to prevent both anarchy and despotism. This *process* of responsible participation toward local and regional political maturity (or toward preserving those durable and effective political structures that already exist), should constitute a primary end of all development projects, and should determine what and how various economic goods come on the scene: *the complexity of a given economic benefit should never exceed the abilities and institutional capacities of local people to remain in control over it.* We might call such development "organic."

Lipservice to "Participation"

Admittedly, some USAID and World Bank development projects have experimented with surveying community elders or even entire villages to ascertain their local needs—indeed, the World Bank is quite proud of these experiments. Such liberal consulta-

3. Frank Lynch, *Let My People Lead*, 1977, (Institute of Philippine Culture, Ateneo de Manila University, Manila). (unpublished manuscript).

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tion certainly seems warranted when one sees public baths once built by foreign aid now used as animal stalls, or hydroelectric dams intended to last seventy years silting up from erosion after twenty. But surely if local political maturity is a primary end of development, then surveying villages or holding one-shot village meetings about local needs only lays bare the planners' cynical tokenism.

If they mean more than tokenism, then, such perfunctory consultation actually reveals a deeply naive ethnocentrism on the part of the developers. To assume that villagers sitting around the mango tree can analyze and articulate what their community needs ignores the devastation which local political structures may have suffered under colonialism, nationalism, and the ruthless drive to modernization. Villagers and slum dwellers must not only be consulted, but *involved* in their projects over a sustained period, doing as much as they can themselves from the initial stages on. Eventually they must direct these projects locally or through local and regional associations, as Mr. Reagan would have us all do. Polling people contributes little toward this end, though it may provide good publicity for the planner.

Into this traditional AID approach which doles out hardware that the planners "know" people need, came Mr. McNamara's argument that *education* is a legitimate investment for the Bank. What seemed radical about his assertion was that it went beyond the surface infrastructure of "production"—port facilities, assembly plants—to view local people not only as recipients but in a muted way even as vehicles of their own development. Development began to appear as a process. On the other hand, even in these new educational programs the relations of decision-making and control remained the same as in the hardware constructions: planners decided what education people needed, designed it, and put it upon them. American conservatives well know in their fight to restore local—and, where appropriate, private—control of the schools, that educational assistance can easily become an insidious means for outside intellectuals to determine what and how people should think. One wonders whether the New Right in Washington approves of the World Bank's continued support for its Textbook Board in Indonesia, which under the guise of upgrading quality exerts "overall control in textbook and curriculum development" throughout the nation's schools. Does Mr. Reagan favor educational aid programs in other countries which direct farmers to use "indispensable" fertilizer and pesticide only avail-

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able through the Minister of Agriculture's own nationwide monopoly of critical agricultural inputs?

Much foreign aid funding for education in the Third World sponsors newfangled seminars for leaders and bureaucrats. It would be hard to believe that the problems in Appalachia or New York City might at last be solved by one more training program for mayors and civil servants there. Fundamental to conservatives' programs for renewal is the comprehension of the fact that, whether you are children, farmers, or bureaucrats, being talked at will not change basic economic and political listlessness. For education to further development, it requires the vigorous interplay between local and national institutions. As long as the former are weak, educational aid may supply a dangerous tool to the latter. Thus Mr. McNamara's innovative direction has not changed the dynamics of top-down development. One might even argue that it has made paternalism more penetrating.

"Social" Development

Actually, Mr. McNamara's aid to education was only part of the broader concept of "social development" which American aid has increasingly stressed, other aspects including programs in health, family planning, nutrition, slum clearance, urban drinking water, and better housing for the poor. This field of development has superseded the steel mills of the 1950s in its political appeal, and is becoming more and more popular among bilateral, international, and even private aid agencies—probably because Third World governments are asking for such programs. Almost every development agency now must have its "social" component, even engineers building roads through the jungle.

Despite the fact that "social welfare" implies software, much of the American assistance in these programs goes into buildings and equipment. This *quantifiable* hardware is then often taken as a measure of the actual services delivered. As Peter Bauer puts it, benefits are then equated with costs. Furthermore, just as in educational development, *the planners* still decide from on high which national campaigns or Ministry-wide reforms are needed for village or slum society. The presence of the poor in the picture at last, as people—sick, ill-housed, or excessively numerous—in no way gives them any responsibility or power.

Worse still, the planners have deliberately distorted the meaning of "social" development by suggesting that it is furthered by improvements in health, education, housing, or a shift in the

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demographic pressure on resources. A malaria shot may keep me alive, but in doing so it has neither positive nor negative effects on my *social* well being (which *might* be far better off as I languish in a traditional mosquito-infested hut than as I live for twenty more years in a village transformed by foreign aid).

Let us clarify the matter: *social* welfare is a question of relations between people and groups of people who make up a society. Inter-relationships are the stuff of society: the mortar between the bricks. Perhaps "economic" development is fostered in the short run by new cement plants or better bridges, but in no way do good drinking water and caloric charts constitute the "social" commonweal. They improve health. They are indeed badly needed, and we should help supply them. But we should do so in a way which is socially constructive, not claiming that hydrants or proteins are in themselves conducive to the relationships between individuals and groups in society. Social development might be much better served by legal reforms which enable people to relate to one another in a predictable manner, than by septic tanks for village homes. *Social* development must certainly not be confused with the provision of paternalistic government services.

By persuading us that *health* is social welfare (or that education is), planners and development elites have conveniently reduced an essentially relational matter to material hardware and bureaucratic services. This deflects our attention from the critical variable for development, the distribution of responsibility and power. In doing this, the planners, of course, retain control.

In short, American aid is still based upon the idea of development as material goods or technical information and services which western money can bring to the poor. The poor participate in their own development by answering the expert's survey questions, receiving and using correctly what he decides to give, learning well the lessons he dictates to them, and taking care of whatever he leaves behind. The advantages of such development approaches are that they enable bureaucracies to set their own clear-cut goals; to monitor project performance and benefits (provided these are quantifiable, such as the number of looms upgraded, higher yields reported, and so on); and to describe changes in levels of prosperity through econometric models such as literacy rates, fertility rates, production rates, and so forth.

The *liabilities* of this policy, however, elude quantification. Since most planners are economists with little confidence in their ability to make qualitative judgments, the graver liabilities re-

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main beyond their comprehension: local ennui, the solidification of centralized power, society's acceptance of corruption as a way of life (indeed, as a fair way to distribute resources!), and the uncontrollable enrichment of the rich. Most dangerous of all, our present approach legitimizes bureaucracy's claim to be its own only competent watchdog, a claim which begins with the Bank itself.

American foreign aid for "economic development" affirms paternalism as the norm of good government. Recently an internationally renowned Third World Minister of Agriculture argued with me, "But everyone recognizes that our nation is paternalistic and the people want us to take care of them; so it is the responsibility of a minister to do just that." Since these liabilities cannot be offset by *more intervention on our part*, by additional American goods or technology, it is in the interest of American bankers and policymakers not to notice them.

Underlying Fallacies

The first assumption of western and Third World development planners which must change before the enervating effects of our foreign aid can be corrected is their assertion that local political expertise will somehow naturally evolve—or, more hopefully—*spring forth*, when people's standard of living or their literacy rate reaches a certain level.

It is simply not true that political stability will automatically follow upon economic prosperity. Almost two centuries ago, Edmund Burke showed the educated and very comfortable sectors of French society to be the most irresponsible politically. The staunchly middle-class and exceptionally literate support for Ayatollah Khomeini's chaotic upheaval confirms Burke's observations. The solid force behind the Ayatollah is composed of university students and the bazaar merchants, shopkeepers, and traders, hardly the poor and ignorant. And surely the Red Guards' Cultural Revolution in China exemplified the same, as did the revolutions in Algeria, Cuba, Vietnam, and many parts of black Africa, driven as they were by middle-class intellectuals and bureaucrats rather than the unskilled masses.

While widespread poverty does sometimes cause revolution and anarchy, the converse is by no means true: that a stable political order can be ensured by middle-class amenities. One of the most likely times of unrest, indeed, comes *during an economic upswing* (Iran, for instance), spurred in part by rising expectations.

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To strengthen a society for this precarious crossing from a mature traditional form to a larger but also stable and creative political order, the mechanisms for responsible political participation must be established throughout the population *before* an economic surge. We have no evidence in any society that a people can develop these skills and institutions overnight when and because they have become "middle class."

In a fundamental sense the assumption that economic development comes first and political development will follow places the cart before the horse, since *indigenous* investment—the *sine qua non* of sustained economic development—waits for and is set in motion by indigenously rooted political stability. In the case of most Third World *elites*, it is true that once they have established a firm financial footing *outside* their own country, they are frequently willing to play roulette within the national economy at home, regardless of the political climate there. In their often reckless free-wheeling, they—assisted by World Bank-scale schemes—may impress economists with a mirage of rapid growth, particularly in one or several main cities. But by themselves these national and international elites cannot lay a solid foundation for sustained development. In the final analysis such apparent development must be complemented by the evolution of representative political institutions conducive to stability, and by investment and savings among a large part of the population as a whole, at the village and provincial levels. Ultimately, even in oil-exporting countries economic prosperity can only rise out of *broadly-based, local* saving, hard work, and initiative.

What then will prompt such long-term investment on the part of the population at large? Here, too, political development must precede the broadly based saving which sustained growth requires. Arbitrary political power, albeit benevolent and well fortified by statistical studies and obedient bureaucrats, simply cannot establish the essential underpinnings of pervasive social trust and predictability which *the majority* of people need for long-term risks. Not having bank accounts abroad, but rather being rooted in local conditions, most people will work just enough to get by, hoard their earnings, invest only in short-term prospects, or spend for "immediate gratification" if the political environment is unstable. *And*, without vigilant participation throughout the grass-roots levels, the arbitrariness of central power will remain, to discourage their thrift.

Thus, planners who hope that political maturity will *follow* that

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elusive attainment, "a higher standard of living," reveal their priority for externally-imposed rather than internally-generated development, and hence for flashy national monuments rather than enduring local foundations. The widespread predictability necessary for genuine development can never trickle down and out from a powerful and evermore consuming center. Local and regional political development must pave the way for broadly-based initiative, saving, and investment which sustained economic growth requires.

The second mistaken assumption of development planners is their confidence that local political maturity can be *taught* through courses for bureaucrats in public administration or through farmers' classes in cooperative management, and so on. Similarly, planners consistently try to bring political maturity into existence through government-organized cooperatives, brigades, or village councils. But no single dimension of poverty more stonily resists formal correction from on high than political apathy and fragmentation in the slums and at the village and provincial level, where the vast majority of the Third World population resides. How can central power teach people to keep government excesses in check? Almost by definition, local political integrity can only be acquired through the tough lessons of continual practice, and even then may be jeopardized by brief periods of disuse.

Are Humans Uniform?

A third error of development planners (which reveals their profound political naivete) is the assumption that the ability to sustain participation is innate in all peoples everywhere. The supply of political skills and sturdy institutions will simply respond to the demand. When a group feels the need for representative organizations, honest leaders, and responsive government—so runs the argument—it will spontaneously generate these with an effective legal order, inventing the appropriate channels or improving existing ones to meet its needs. Political maturity is in this view as easy to develop as a T-shirt industry.

Since economics and planning are both founded on the assumption of human uniformity (and hence, the irrelevance of history), planners are rarely able to perceive differences between groups of people, in the political tool-kits they have ready at hand or in their latent organizational expertise. One of the bibles of development economics, for instance, written by Professors Hayami and Ruttan, asserts that Third World societies will come forth with the institutions necessary for development whenever suffi-

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cient demand arises.[4] (In which case, of course, there is no worry about the long-term effects of social erosion caused by centralization and paternalism.) Revealing a profound ignorance of social processes, these two famous economists substantiate their analysis by citing the institutional resilience and responsiveness of Japan and the United States, which helped launch the development of those nations in the past 150 years—as though after centuries of harsh colonial rule Bolivia, Zimbabwe, or Bangladesh find themselves at a starting point for development comparable to two societies which virtually had always governed themselves.

Few planners appreciate the fragility, complexity, and long evolution of the basic configurations which underpin any society's development. In fact many Third World peoples who once mastered a rich repertoire of local political skills have lost their expertise almost entirely; now they must re-learn the attitudes and re-create the organizations of local self-direction. As Edward Banfield indicated decades ago, poverty correlates very highly with political anomie. This is especially evident among the lowland and urban poor of the Third World, where people may never have enjoyed any community cohesion in the first place (coming together, as they may have, through recent migration, through the disruption of their settlements in plantation development, or through the coercion of landlords). More commonly, the social and political structures which once did flourish may have been destroyed by a particularly severe colonial regime, by the vast rural disruptions caused by World War II (especially in Asia), by centrally commanded and excessively rapid economic modernization, or by years of paternalistic government largesse. Possibly the most politically eroded rural areas in the Third World are the enormous lowland agricultural basins which have been the "beneficiaries" of gigantic World Bank transformation schemes over the past several decades.

In any event, it simply cannot be assumed that all peoples, particularly the poor, know how to form committees to implement or lobby for their interests, how to pool resources to embark on an enterprise together or to support one member in doing so, how to manage common funds by holding leaders accountable, or how to sustain a local organization for common interests or ends—nor can it be assumed that they will be able to start doing so when the

4. Hayami and Ruttan, *Agricultural Development: An International Perspective,* 1971, (Baltimore, Johns Hopkins Press) 1971.

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need arises. It cannot be assumed that the ability to express disagreement with authorities is innate in everyone and will come forth in a crisis. Americans who have traditionally enjoyed such an active local political life take these political skills, indeed the fact of politics itself, for granted, when actually vigorous local participation varies considerably from culture to culture, and even from one group to the next within the same society.

A fourth myth that influences development planners is that political development can and will most easily wait until later. Planners who favor immediate transformations in the Third World may grant that the onslaught of development programs consolidates the power of a few national elites (though few see the significance of that for long-term development). Even those who do admit that large-scale and expensive development projects obliterate any social or political structures within the society at the grass-roots level, which might check the power of the elites (and *most* planners believe that the elites' legal or bureaucratic systems can check that power)—even those who admit to such social devastation then argue that a sturdy social fabric is not essential to development: once a given country is "developed," it can then solve the problem of centralization which we have created. The society will have gained "modernization" first, and then we can go back and make those little political repairs. (One economist helping to devise the Philippine Universal Banking system described earlier acknowledges the problem of centralization in a program that will force consolidation of over 1,000 local banks into a single Manila-based Unibank; but, "We'll leave it to them to deal with those problems later.")

In fact, however, history offers us very few examples of societies which have ever successfully decentralized themselves. In the archaeological and written records the only consistent cures for centralization have been internal decay, or defeat at the hands of "barbarians" who decentralize a civilized polity because they themselves lack the sophistication to run it (e.g. the Mongols, Tartars, Germanic barbarians and, lately, the Khmer Rouge). Mr. Reagan himself may soon discover, it is said that Mr. Nixon and Mrs. Thatcher have discovered before him, that we simply do not know how to dismantle a highly centralized political apparatus. If the British Parliamentary heritage provides little assistance to a small country like Britain, or to our own country in this challenge, how can we hope someday to devolve the enormously centralized political machines we are building in Brasilia, Lagos, or Jakarta (even

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if "we" were able to retain control over them, after they have "developed," in generations to come)?

The "Skills" of Self-Direction?

If local political life may be fragile and culturally dependent, what then are its ingredients? What do we mean by local political structures and skills which must precede and ultimately sustain any gains in economic development?

On the simplest level many peasant communities must begin to learn how to hold a meeting—the importance of informing everyone, of coming on time, of taking turns to speak rather than everyone talking at once, of preparing and following an agenda. These are by no means "natural" abilities. They must master elementary political habits and processes as well. Rural peoples who have lost their coherent, sturdy tribal political structures find it hard to defer short-term, individual gains for compromises that look to the future and that transcend interpersonal tensions; to apply peer group pressure so that members fulfill their obligations; to reflect critically as a group and learn from the group's mistakes; to handle group finances reliably over a long period of time; and to maintain the momentum of a local enterprise once launched with enthusiasm. Above all, traditional leadership patterns become easily corrupted when local political organization breaks down, so that in order to direct themselves, villages, neighborhood associations, and interest groups must free themselves of outside or even internal domination. It is especially hard for Asian villagers to appoint leaders best able to serve them and to circumscribe their leaders' actions—if necessary by personal confrontation—particularly when the leaders in office are authoritarian, elderly, experienced and economically powerful, or backed by urban elites and the government. (For, indeed, village leaders in a region of rapid development, just as slum leaders, more often feel stronger ties outside the community than within.)

People whose own structures have been eroded by extreme imbalances of power must begin by learning again many political skills if they are to contribute substantially to local development efforts. In programs that try to revive local political life, such as those assisted in the Andes and in lowland South America by the Inter-American Foundation, it takes years of practice and an exceedingly high motivation for villagers and slum dwellers to learn how to brainstorm a wide range of options as a group, eliciting suggestions from everyone affected; how to conceptualize a group

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problem and define its issues; how to collect background material, anticipate problems and opposition arguments, and determine a group decision which will stand up over time; how to choose representatives and monitor their performance; and how then to participate in implementing a change and evaluating the results. These skills, so taken for granted by westerners, must be *acquired* through *gradual practice* by many Third World peoples. After all, because of the atomizing effects of centralized development, most lowland villages and slum neighborhoods in Third World "project areas" rarely face *any challenge whatsoever* which requires them to reach even the most inconsequential decision as a group—much less, a common plan of action. (Their occasional ritual celebrations may not require any of these skills.)

Equally difficult as these internal political skills are those required for dealing with the outside, especially with the government. Most people in the Third World have no understanding where to go to file a request or to object to a government program or policy that affects them. I have spent days with villagers searching nearby municipalities or provincial capitals to learn how to carry out such basic procedures as sending a letter to a son who has been drafted, or obtaining a permit for burying a relative in an urban cemetery. Programs such as land reform which entail legal disputes may have four or five agencies working on the very same problem without any lateral communication between them. Once a villager sorts out the bureaucratic geography, he then faces endless forms that are usually still written in the language of the former colonial power, not his own (even if he could read and write).

When dealing with their governments, the Third World poor generally meet extremely intimidating bureaucrats who think the people should serve the government, not vice versa. Banding together gives villagers strength in appearing before bureaucrats. But learning this is only the beginning. The poor must then master how to manipulate the bureaucracy—how to make it work for *them*—rather than being manipulated by it. For example, one of the most painful lessons for Asian villagers is to demand that an official *put into writing* what he agrees to do; this guards against promises made as palliatives and not in earnest. For westerners, what the villagers call "black and white" is an automatic step in all official interaction, but of course to some Third World bureaucrats it implies a personal insult. Thus villagers may suffer through years of unfulfilled promises before they can bring themselves to apply even this small degree of pressure on a local authority.

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Dozens of times over they resolve beforehand, rehearse it, and then back down at the moment when as a group they should ask the official to write out and sign his agreed plan of action!

What About Initiative?

We have discussed a range of political skills that are crucial to local development but seriously lacking in many local communities in the Third World. However, the most difficult political achievement is, of course, local initiative. Every community has its entrepreneurs and innovators, but what is it that accounts for relative "apathy" on a widespread (not individual) scale?

Anthropologists who have specialized in the effects of heredity and of the physical environment of human initiative see no evidence that anomie is more common in, say, tropical zones or in certain genetic backgrounds. Some groups do show far more ability to "hustle" in the western sense of economic development than others do—the Banjarese of Kalimantan, for instance, are notably successful both in agriculture and in commerce. But such behavior is a cultural phenomenon, to be explained by history as well as by a society's particular tool-kit of political skills and institutions. Many analysts think that local initiative becomes stultified in times of very rapid local change, which confuses people about their relative standing in society and their chances of moving upward (because all hierarchies which give them a sense of social "place" are swept away). Others suggest that it is the lack of political and organizational skills which causes such anomie, because if people know they do not have the necessary social equipment to carry off a project, then they lose the very drive itself.

A third likely cause of local apathy is government paternalism from above. If people know the government will take care of them, they often wait for help rather than undertake projects themselves. Their institutions and organizational skills fall into disuse. Worse still, if they consistently see that government improvements differ from those they would have proposed on their own, they may lose confidence in their ability to analyze their own needs. Awed by "science", they become willing to turn everything over to "the experts." While those of us working at the local level may be able to offset the first two causes of apathy, this third one, paternalism, can only be combatted at the level of foreign aid funding and national politics. (Of course it is quite unlikely that paternalism will be defeated in the national arena, since national elites have only

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to gain from being paternalistic. Indeed, so do most foreign aid funders.)

Thus, while we can hope that Mr. Reagan will help alleviate the pressures which discourage local initiative and which can only be tempered within his sphere of action, field workers at the local level in the Third World must begin to understand how to spark local initiative either in the face of paternalism (an almost impossible task), or in places even temporarily free from government domination.

In certain areas of Southeast Asia a few development projects assert that local organization and initiative constitute the nub of development; so they have assumed the extremely tough challenge of sparking initiative and organizational skills among the poor, while trying to understand and simplify—streamline—those methods that show signs of promise. Usually such projects are small-scale, local, and low cost; they tend to be sponsored by the private sector, though not entirely. Unlike all other development efforts these field workers offer villagers or slum-dwellers no material goods or educational courses at all, but only the chance to learn political skills so that communities and neighborhoods can supply their own needs and make the government perform its services more effectively. Because of their emphasis on a social *process* rather than on hardware or formal education, these unusual projects often call their approach "community organization." Although they are still highly experimental, it is quite likely that, embodying as they do the essentials of conservative political philosophy and opposing the liberals' development strategy of relying on centralized power, these projects may be laying the foundation for a major new direction in development theory, policy-making, and implementation.

For example, the Asian Institute of Technology in Bangkok has innovated a low-cost housing program in which even at the blueprint stage the architects consult the families who will live in the projects and deliberately design plans which the prospective residents can carry out. The poor then collaborate group by group in actually building their new homes themselves.

In Bangladesh a completely non-government UN Food and Agriculture Organization (FAO) program puts community organizers among the very poorest—often the landless—rural families to help them develop new sources of income locally, on their own. These informal groups sometimes begin with only three or four members; rarely do they exceed fifteen. They discuss, brainstorm,

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and sound out possible income-generating activities which might fit their group's particular resources and their neighborhood's needs—perhaps starting a haircutting service, buying a water buffalo to haul tenant farmers' grain at harvest, or investing jointly in a second-hand pedicab. Small groups of women make fish nets at home, not leaving the family. In order to build the initiative and expertise of the poorest sector, the program excludes the more well-to-do and politically influential villagers who might dominate the groups and perpetuate traditional patterns of dependence.

Each group must prove itself a viable mini-organization before it qualifies for the program's typical loans of but a few hundred dollars from the Bangladesh Janata Bank, a private bank in Dacca which is the project collaborator. (Since the project began in 1975 it has enjoyed a 95 percent loan repayment rate throughout all villages.) Overheads are kept at a minimum to insure that the group is gaining confidence in managing its own affairs, step by step.

Confidence-Building

The incremental material gains of these small undertakings serve as incentives for the real, though complementary, goal of learning initiative and small-scale corporate management. There may be as many as thirty such groups in a large village. After their members and leaders acquire the elementary organizational skills and have saved part of their group earnings, some of these tiny enterprises, now in their fifth or sixth year, have begun to link with one another for more ambitious undertakings, but there is no hurry that they constitute "cooperatives."

A considerable part of the project's success is attributed to the fact that the organizers (who must phase out of any given village by the end of five years) work on a very small scale and are sponsored by private agencies rather than by the government. They feel that if the government paid them they could not teach villagers how to pressure government agencies for the assistance needed in elaborating their projects. Furthermore, government agencies are solely interested in quantifiable measures like production rates, rather than in the equally important achievement of political and organizational skills. Indicatively, this project's main concern is the danger that, flourishing as it is, it will soon be taken over by the government.

On the other hand, perhaps the most unusual community organization project in the region is found right within the government itself, sponsored by the National Irrigation Administration (NIA)

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of the Philippines. With initial support from a private foundation this program involves small (2.5-5 acres) farmers in the earliest planning stages of canal construction or rehabilitation in communal irrigation systems. It offers these small farmers' groups credit and technical assistance in upgrading their existing irrigation infrastructure, if they corporately assume the financial responsibility of the improvements (including installations). Furthermore, they must learn to operate the new system on their own. To help the farmers achieve this self-direction in irrigation management the NIA employs over seventy-five community organizers throughout the country. These organizers are *not* trained in and assigned to the technical aspects of irrigation, nor do they offer classes or form farmers' organizations. Rather, they serve as catalysts in helping the farmers to form their own associations, often despite many mistakes; to reach group decisions and hold leaders accountable; to build, maintain, and run their own irrigation systems; and forcefully to insist on a high quality of service from the NIA itself.

This program, thoroughly backed by the Philippine government, proves so far that a public agency can in a certain sense help its local constituents to organize themselves as watchdogs against itself. Since the farmers are the ones who must eventually pay for the repairs and expansion of their irrigation system, they readily learn—at first with the support of the organizers—to keep a close check on the performance of the government personnel helping them, as well as on their own officers. They monitor the government agents' expenditures far more closely than the government itself ever does (which would not surprise Mr. Reagan); they argue with the engineers over technical details in the canal construction which do not seem correct to them, given the farmers' long experience with the local terrain; and they purchase many of the construction supplies themselves, seeking the best price and avoiding government arrangements. With full responsibility for the costs, and with initial assistance in strengthening their political and organizational skills, these farmer groups have been known to refuse technicians' requests for air conditioning in their field offices, or to remove technicians' jeep tires on Friday afternoons so that the communal effort will not end up paying for expensive weekend jaunts! And the farmers' groups frequently clash with the local and regional irrigation authorities over differences of opinion or policy. When this happens, they may seek mediation at the Administration's national level, which often sides with the farmers.

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The government bureaucracy has had to change many of its basic procedures to accommodate such lively local participation in its program. For example, fiscal-year budgeting procedures of the government, and strict timetables, usually do not provide enough flexibility for a growing, open-ended democratic process. Yet each year the National Irrigation Administration expands its community organization program, investing more of its resources in learning how to spark and then strengthen farmers' active involvement in their own irrigation projects.

Conclusion

Mr. Reagan has performed an important service in focusing America's awareness on the dangers of political centralization and in determining to reverse this corrosive trend by restoring responsibility and health to local politics. In foreign policy Mr. Reagan aims to reassert American leadership in the world, and the departure of Mr. McNamara from the World Bank offers us an opportune moment to appraise how best this can be done in the area of foreign aid. But this should by no means signal a decrease in American efforts to help solve the problems of severe poverty in the Third World. Rather, it challenges the new conservatives to find fresh channels for our assistance, channels appropriate to America's own heritage of *local* initiative and *local control.*

Through the locally self-determined projects reviewed here the poor, in gaining a sense of independence, have invariably acquired an awareness of their own strengths. When one initiative leads to another and one accomplishment sparks new expectations, there is a creative incentive for saving. Furthermore, the social pressure which can be generated out of a group endeavor reinforces the individual self-discipline which thrift requires. The self-assurance of the poor increases over time; that of the bureaucrats wanes. This reversal makes both groups far better suited for the tasks of economic development.

"It's *our* turn," shouted one farmer with sudden recognition. "*We*'re calling the shots! From now on *the government* must 'know its place'!"

Through carrying out projects which *they* define as important, people gradually learn punctuality, the ability to give and take criticism without personal offense, a lively insistence upon ledgers which everyone can inspect, and a responsibility towards enterprises beyond the family—all essential ingredients of economic growth. When *they* select leaders from among themselves for an

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undertaking that will command their own personal sacrifice, the poor frequently choose men and women with entrepreneurial skills and a firm sense of the bottom line. Of course, such indigenous entrepreneurs are rarely given scope when bureaucrats and landlords appoint leaders for the lower class.

While it is true that local trading also encourages initiative and related entrepreneurial characteristics, mercantile enterprise *alone* cannot establish a culture favorable to sustained economic development (as we see from persisting chaos in the anciently commercial Levant). Buccaneers may flourish on individualism and even on corporate commitment, but a free market *system* demands yet more. Again, the question is *the mortar between* the bricks. Society-wide trust and predictability, and a stable political order, are essential for long-term economic growth. It appears that these essentials in turn can only evolve out of political participation, because no dictator and surely no Plan can provide the economic risk-taker with comparable assurances. Many Third World countries lack society-wide trust and predictability because efforts to spur the economy and to provide "infrastructure"—from the top—have raced ahead of concerns for these indispensable cultural and political foundations throughout the grass-roots. Local and regional participation, the mainspring of trust and predictability, was firmly established in the West and Japan *centuries* before the free market system took hold there.[5]

Thus Mr. Reagan is correct in positing the health of the commonwealth—its stability, and the creativity and civic commitment of its citizens—in decentralized political structures. Conservatives' economic development and foreign aid policies should be founded on the process of building up local and provincial-level organizations, both public and private, to the principal end that political maturity will gradually take root throughout each new nation. This can only be done by beginning with small projects which do not overwhelm local organizational capacities, which strongly depend on local initiative, and which work towards local control. Projects, organizations and institutions must evolve *organically*, people themselves learning through trial and error rather than bureaucracies carrying out fiat from above or abroad.

Almost by definition most "modernization" efforts tend to erode

5. Grace Goodell, "From Status to Contract: The Significance of Agrarian Relations of Production in the West, Japan, and in 'Asiatic' Persia." *Archives Européennes de Sociologie*, XXI:2; (November, 1980), p. 285.

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traditional social groupings and associations. Urbanism, industrialization, a shift to the cash economy from subsistence agriculture, and "integration" into a nation state are forces which may threaten local and intermediate-level control which conservatives cherish. Since we may slow the speed of these forces but cannot reverse them, there is all the more reason why conservative economic development policy should "bend over backwards" to strengthen and if necessary to build strong participatory structures, fortifying the links between them.

If Mr. Reagan means what he says, our policy should stress that each actual step in the development process must fit the needs *as well as the growing capacities* of the local people, howsoever poor they may be. This may take time, but establishing the fundamentals always does.

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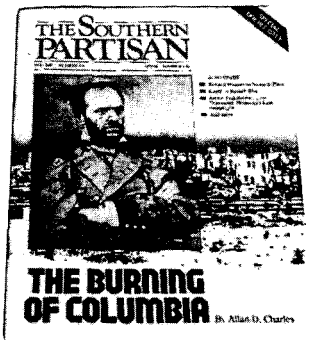

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A Confederacy of Dunces

JOHN PODHORETZ

The first voice to be heard at the American Writers Congress, sponsored by *The Nation* and held in New York on Columbus Day weekend, was that of Mr. Philip Agee. Mr. Agee could not, unfortunately, attend the conference, as his passport has been revoked. But this was of little moment: an international telephone hook-up to an unspecified location abroad sufficed. Mr. Agee was testifying at the Congress's hearing on "censorship." His advice to the delegates and organizers was that they—in Congress assembled—should, as one of the Congress's official actions, expose the identity of a CIA bureau chief "simply because he is a part of that organization."* Mr. Agee did not make clear what the relation of such an act would be to the declared purpose of the American Writers Congress—to discuss the role and state of the writer in the 1980s—but this did not bother the two hundred delegates at the hearing, who cheered. Mr. Calvin Trillin, food editor and light novelist, doubted that Mr. Agee's position was properly journalistic and was duly hissed.

"If you're worried about the country, try *The Nation*." Since the election of Ronald Reagan, this has been the magazine's catchphrase in its advertising; and, since that election, it has had a boost in circulation and has become, for the first time in memory, a potent intellectual force. Each week it publishes a column called "Central America Watch," detailing the behavior of the United States in that critical region; each week its front-page editorial sounds dire warnings about the coming fascism; and each week it is more and more informed with passion and purpose. Its canny editor, Victor Navasky, has, in just one year, transformed *The Nation* into a publication that must be read by anyone resigned to understanding American politics. For what *The Nation* has single-handedly been doing is to bring old-fashioned American radicalism—and by this I do not mean the radicalism of the 1960s but rather that of the 1930s—back to respectability and influence.

*Here, as throughout the article, quotations are taken from the author's notes.

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Then and Now

The four American Writers Congresses convened in the 1930s and early 1940s were organized by the League for American Writers, a Communist front. The most successful of the four took place in 1937, and its main subject was the Spanish Civil War. This Second American Writers Congress differed radically from the first, held in 1935, in that the earlier gathering was almost exclusively an intra-party affair.

But in 1936, the American Communist Party went underground, by Stalin's directive. No longer were American Communists to speak of overthrowing the system, but were instead to insist they only wished to revise it; they were to declare themselves "liberals in a hurry." As a result of this, the 1937 Congress became a Popular Front, an occasion sponsored and manipulated by the C.P., using mainstream writers and important thinkers to provide a veneer of respectability. Ernest Hemingway, Theodore Dreiser, and Thomas Mann were among the participants; there was much weeping over the Spanish Loyalists, and much cursing of the Franco rebels. After 1939, the Congresses fell apart.

"The earlier Congresses," writes Ann Marie Cunningham in the special issue of *The Nation* devoted to the Congress, "had a very precise political purpose; they were organized by. . . the Communist Party's *apparat* for conscripting writers as 'cultural workers.' " Having publicly acknowledged the nature of the earlier Congresses, why then did Mr. Navasky and his fellows choose to name this 1981 meeting after those four C.P. occasions four decades ago? He told Edwin MacDowell of *The New York Times* that he had decided to hold this Congress because of his interest in its predecessors which, although Communist fronts, did manage to address issues of concern to writers.

This American Writers Congress was undoubtedly a smashing success. Its "Inviting Committee," most of whom did not appear at the convention, comprised almost three hundred names, including most of the highly praised writers in America. (There were a few notable exceptions, among them John Updike, Saul Bellow, and Philip Roth; also, a few people on the Left refused to take part, such as Irving Howe and Arthur Schlesinger, Jr. The Russian historian, Robert K. Massie, joined the committee but subsequently withdrew his support.) These three hundred names in turn brought 2500 "delegates," at $25 a head, to the Congress. And, though poorly organized and held in a hotel that did not have nearly enough

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space to accommodate the delegates, the Congress, like the magazine that sponsored it, was full of enthusiasm and energy.

Over the course of two days, sixty panel discussions were convened. I will give but a sampling of the names of these panels: "Language and Ideology," "The Book Wars: Local Censorship of Language and Ideas," "Writers and Social Responsibility," "Eros, Language, and Pornography," "Federal Control of Information and the National Security State," "American Foreign Policy and Writers' Rights Abroad," "Homophobia in *The New York Times* (and other Media)," "An Evening of Solidarity with Silenced [South] Korean Writers," "Progressive Media and the Current Crisis," "Working-Class Writing," "The Media and United States Foreign Policy." Of all the panels, only ten truly dealt directly with the relations between writer, editor, and publisher; the others dealt with more amorphous, but supposedly more vital, more critical, more serious issues that concern writing.

What were these issues? From my three days as a spectator, I have boiled them down to the following: the CIA's interference in the activities of "progressives" both here and abroad; the responsibility of the United States for the arms race; the need for nuclear disarmament; the threat of the Moral Majority; the oppression of minority writers in the United States; the need for writers once again to be "socially responsible" (and what this cant phrase means we will discuss later); the usurpation of metaphor by the capitalist West; the censorship by publishers and distributors of "progressive" literature; the role of writers as professional antagonists of the state.

"Writers of all political (or apolitical) persuasions have been invited," Miss Cunningham writes. "In fact, the political coloration of the Congress seems secondary to the fundamental task of providing a forum to air, analyze, and take action on writers' problems." Either Miss Cunningham is naive or less than truthful, since even the most cursory glance through the program shows that, except for a few villains invited to some of the panels to provide "balance" (among them Cord Meyer, the ex-CIA official; Michael Farris, a lawyer who heads the Moral Majority in Washington state; and the former Soviet dissident and poet Joseph Brodsky), all those invited to participate were of one political stripe—all were on the Left. Some may be considered "moderate leftists," others straightforward Communists. But there was so little dissent among the panelists that each "discussion" became mainly an oc-

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casion for clamorous agreement. What disagreement there was concerned the *means* of reaching a generally accepted end. That generally accepted end was radical change at all levels of American society and government, and not just in those ways that have to do with writing.

It is natural for writers to be concerned about such matters as censorship, the banning of books from libraries, and restrictions on what the Congress called "the right to know." The fact that there is blessedly little to complain about as far as such matters go in this country and in other democracies, however, was not acknowledged. Indeed, any suggestion that this might be the case was greeted with a particularly invidious kind of objection bequeathed by the "Free Speech Movement": a slow, consistent release of air between the teeth, which may be called hissing but which is much more unpleasant than the common or garden hiss. Miss Karen DeYoung, correspondent for *The Washington Post* and a Fellow at the Institute for Policy Studies, bravely suggested to the delegates at "The Media and United States Foreign Policy" that perhaps our media, which attempt to conform to certain standards of objectivity, are a better source of news than the media of the "Third World," since Third-World journalism is state-controlled. This altogether obvious statement was not received well. Although Miss DeYoung repeatedly said that she was not making any "value judgements" (of course she was, but that is another matter), she was somewhat stunned, even cowed, by the response: a two-hundred headed snake could not have made more ugly a noise.

This little story demonstrates a fact that has so far gone unrecorded in media discussion of the Congress and that is that this was not merely a meeting of "writers" joining in issues of concern to writers. Miss DeYoung suggests that we are more objective than "they," and that objectivity is better than state control; Mr. Calvin Trillin suggests that naming a CIA bureau chief has nothing to do with the craft of writing; Mr. Cord Meyer suggests that there are some secrets the government must keep from its citizens in order to protect them; Mr. Avery Corman, the author of *Kramer vs. Kramer*, suggests that perhaps today's working class is better off than it used to be; these commonplaces are greeted with scorn, contumely, and noise.

At the first American Writers Congress in 1935, Kenneth Burke, the literary critic, read a paper in which he said that "the people" rather than the "working class" should be the focus of Communist discussion, and it is said that the harsh treatment he received at

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the hands of his fellow Communists for his "deviationist" ideas traumatized him for years. At the 1981 Congress, those very few writers who entered any exception were met with the same closed, condemnatory response. This is, of course, a violation of the very idea of the 20th-century writer, the Stephen Dedalus, the Marcel, the lonely soul alienated from the activities and life around him and attempting to live sincerely and authentically, in Lionel Trilling's phrase, in the face of the creeping egalitarianism that threatens to destroy serious writing. There is much that is false in this idea, but it does rest on the fact that the honest writer follows no party line, be it a radical, conservative, or liberal one. The radical Left has never been very comfortable with this idea, to say the least, and even the slightest suggestion of it at the Congress was met with contempt. This was not a Congress for deviationists; this was not a Congress for anyone who might put in a few words of guarded praise for the workings of western democracy: this was not a Congress for writers or about writers' problems. This Congress met to establish a political agenda as pronounced as any of its predecessors': and its agenda was not all that different from the agendas of Congresses past.

What Went On

When I arrived at the Roosevelt Hotel on Friday, October 9th, Mr. Agee was testifying away. I stayed at this hearing on censorship briefly, listening to Mr. Donald Freed, who has written a novel about the CIA and is consequently being sued by a group of retired intelligence agents who call themselves "Challenge." This group promises further libel suits against those who defame the reputations of all intelligence agents. Mr. Freed, a handsome, well-dressed man in his late thirties, made an eloquent speech. "Are there two races of men?" he asked. "We must be like Prometheus, who gave fire to men. They never forgave him for it, because with fire he gave them hope."

Mr. Freed was asked: "How can we recognize the enemy within our own camp?" He answered: "If [this Writers'] Congress comes out for . . . ideas, it shouldn't be too hard to be defined by those [ideas]. Whoever enters the exception, that defines the [enemy]."

Registration for the Congress began at 4:00, and by 3:30 hundreds crowded onto the hotel's mezzanine. "There's going to be a plenary session Sunday," a bearded man said. "Will you sign this to get it on the floor?" The petition called for all best-selling authors to give a future book to a small publishing house, to help "small

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presses" stay afloat. I asked him if he were affiliated with any group. "Oh, no," he said, then added, "We're not a Communist Party front."

All the faces bore the signs of age. Young most of them were, but not so young anymore, and worn from the years spent on the barricades. These '60s radicals have not aged well: having passed the dangerous age of thirty, most still dress as though they were fifteen. Many of their confreres have indeed gone on to live normal productive lives, often as part of the adversary Establishment, whether as consumer affairs activists, day-care center officers, bureaucrats in the FDA, the EPA, the FCC, or as entrepreneurs running expensive batik shops, plant emporiums, or feminist bookstores. Those at the Congress, however, bore the signs of failure and a flabbiness due to lack of activity. Where have they been all these years? One has seen them in small Vermont towns, on the front lawns of ramshackle houses that once were communes; on the streets of Greenwich Village, wincing at the brightness of the sun; and, most recently, in Central Park mourning the death of John Lennon. But, though their hair is shorter and their attire more presentable, they looked as though they were the various representatives of America's greening defrosted for the occasion.

I was handed another sheet of paper, which described a 200,000-word novel yet to find a publisher: a retired editor from Harcourt Brace Jovanovich had declared it a fine novel, as had the director of the creative writing program at the State University of New York/Purchase. All interested editors or agents were plaintively urged to contact the author in Boulder, Colorado.

Many, many people were wearing orange buttons proclaiming support for a "National Writers Union," about which there was a great deal of excited talk. Meetings were held to consider its possible formation. Just what its purpose would be, and how it would differ from the Authors Guild, an already extant writers union, were questions left unexplored. The Union became an important issue at the Congress, despite the noticeable lack of enthusiasm on the part of Mr. Navasky and others behind the event. Mr. Navasky told the *Chicago Tribune* and *The New York Times* that he supported the "idea" of a union, but clearly it was a grass-roots issue — the only such issue at the Congress that had little to do with the organizers.

Officially the Congress began with Toni Morrison's address on Friday night. "We don't need any more writers as solitary heroes," said Miss Morrison, best-selling author of *Song of Solomon* and *Tar Baby*. "We need a heroic writers movement — assertive, militant, pugnacious." The overcrowded ballroom burst into cheers.

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This idea of the need for solidarity among American writers in the face of the Right-wing threat from within, was to be sounded often at the Congress. The next day the poet Denise Levertov said: "From this meeting must come a new, lively, and militant coalition. . . a strong political bloc. . . we can use whatever leverage we have as writers and become a powerful national lobby." The Congress's official Statement of Principles said: "In sum, writers are not simply individuals, engaged in individual acts of self-expression, but are also comrades, representatives, citizens."

It might, of course, have been a relief to many present to find themselves promoted from writer to citizen since one question insistently arose: were these 2,500 people actually *writers*? Perhaps they were, in the sense that they call themselves writers, and that they consider writing to be their main vocation. But the vehemently naive questions these writers asked about publishing and about censorship suggested something else. It is very convenient for an unsuccessful writer to believe that he is being censored, that the reasons for his failure are due not to the quality of his work but rather to bias against his political position. As a result, many at this Congress spoke of "media bias" against the left, many going so far as to say that *The New York Times*, *The Washington Post*, and all the major publishing houses are in the direct service of the American government. Anyone who reads the editorial pages of these newspapers, and studies the seasonal lists of major publishing houses, would, with the best will in the world, doubt this. *The New York Times*, for example, seems to provide space weekly for writers associated with the Institute for Policy Studies. (Or is the IPS just another lousy liberal sell-out?)

Detachment from reality seemed to be almost an occupational disease of the writers at the Congress. A man named Livingstone, the Ancient Mariner of the Congress, got up to speak at most of the panels he attended and proclaimed that he had broken the Kennedy assassination wide open, and that his facts were so damaging to the "Establishment" that both *Time* and the Baltimore *Sun* were sitting on the story and threatening his life to boot. The audiences were sympathetic: a serious creative artist naturally has to expect death threats from the Establishment. Delegates loudly proclaimed their assent too when black writers arose to condemn the racist views of publishers, and the withholding of important "minority" writing from the public. (Among those making this point were two Pulitzer Prize-winning black journalists.)

So all the worried talk about the conglomerate takeover of publishing houses (which is, in fact, a matter of legitimate concern),

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and the shift to the Right in the country's politics, were used to explain away the failure of many Left-wing writers to reach a mass audience. Add to this the much-discussed "suppression" of feminist literature, and the supposed inability of "progressive" journals to get fair newsstand distribution, and there comes an easy formulation which any unsuccessful writer would wish to exploit: *I am being stifled.* The enthusiasm of the delegates for the Writers Union —which would most likely be easier to get into than the "elitist" Authors Guild—surely owes much to these thoughts: perhaps a Writers Union could force editors and publishers to print their material. Perhaps a Union could force little magazines to pay a living wage to their writers. Mr. Navasky is aware of this danger, for he told the *Chicago Tribune* that while he does support the idea of a Union, its members will have to understand that *The Nation* is not *Esquire* and cannot pay as well as *Esquire.* Mr. Navasky, after all has to meet a payroll.

Language and "Social Responsibility"

At a panel discussion on "Language as Ideology," George Lakoff, a linguistic philosopher, led off with a talk about metaphor which began rather innocuously with the sort of thing we might expect at a Writers' Congress. He said that only in the West do we see the "time-is-money" metaphor; only in the West is an abstraction like time convertible into a recognizable "unit." We in the West waste time, spend time, take the time, and so on. In other cultures, however, there is a "time-as-landscape" metaphor: time cannot be spent, wasted, or taken in these cultures; it simply always was, is, and will be.

Then Mr. Lakoff atoned for his dry literary opening. "One of the methods of cultural imperialism," he continued, "is the imposition of the 'time-is-money' metaphor" on time-as-landscape cultures. In other words, the materialistic West is polluting the very heart of more spiritual cultures (since, for a linguistic philosopher, *everything* resides in language). Mr. Lakoff finished ominously with: "People in power get to impose their metaphors." All the ills of the planet, can thus be traced to the "imposition of metaphor" by the United States.

Mr. Michael Thelwell, a Jamaican novelist whose book *The Harder They Come* was reviewed ecstatically last year by the American press, next related a story about African novelists and American prize-givers. It seems that a group of Americans wished to sponsor a $10,000 yearly award for the best African novel. They

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were asked: "Who will judge this contest?" Said Mr. Thelwell: "The answer was, why, we will. The implication was. . . that the hegemony of colonialism would continue. . . [The African novelists] would structure and order their work toward literary fashion," presumably including time-is-money metaphors. Mr. Thelwell said proudly that the Africans turned the prize down—although surely if the Americans had been truly bent on giving the prize, the writers could hardly have stopped them. (And, by the way, how many were these African novelists that they were able to turn down such a lucrative prize on behalf of the entire continent?)

"The difficulty," continued Mr. Thelwell, "is two-fold: 1) most black countries aren't in the economic position of having publishing industries, so they must go to the West," and 2) because of this sad fact truly African work is contaminated. I suppose that his solution would be for the United States to give money to the United Nations, which would then establish a Publishing Fund, to be distributed among the less fortunate Third World countries that cannot afford publishing industries. But I am only speculating.

The panel on "Writers and Social Responsibility" began a half-hour late, certainly prompting those packed into the hotel's Grand Ballroom to rethink their ideas on the meaning of the word "responsibility." It commenced, finally, with the remarks of the moderator, novelist Wesley Brown: "At a time when loose talk is enshrined as enlightenment," and children starve because of the paltry portions in their school lunches, "debating whether or not a writer has a social responsibility seems ludicrous." The ludicrous debate, however, continued. And Mr. Brown asked the obvious questions: "What has he or she chosen to be responsible to—and for? Where is the battleground?"

Denise Levertov attempted to answer these questions. "We must make our skills and access available to the public. . . . People are being murdered in Guatemala and El Salvador with the direct assistance of our government, and we must respond to these crimes." Further, "our top priority and chief obligation to the tribe of our fellow humans must be to educate ourselves. . . to take an active part in preventing a limited nuclear war." If we do not do so, "we will have betrayed our talent and our humanity." Writers presumably have a special responsibility in relation to nuclear war because it would destroy libraries. This points to support for the neutron bomb—but this point was overlooked.

Mr. Imamu Amiri Baraka, formerly LeRoi Jones, playwright,

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poet, and accused wife-batterer, took a harsher stand. "Writing is by definition a social act and the writer is a committer of this act. . . What remains is the precise orientation of the writing. . . . We must ask Mao's question, 'Whose side is the artist on?'. . . Ultimately, we will be judged by the majority." To judge a writer, however, it is first necessary to read him. It is doubtful if a majority, however narrowly defined, will even get to the stage of judging the work of Mr. Baraka, and he was, after all, one of the more prominent at the Congress. That majority called posterity, for example, will be too busy reading Shakespeare.

At the "Working Class Writing" panel the next day, Miss Meridel Le Sueur, a participant in the first Congress in 1935, tackled this inconvenient truth: "There has been an elitist conspiracy on the question of culture." She made repeated reference to "eastern culture," and it took some time for the audience to figure out that she was talking not about China, but New York. "You do not give culture to the [working class]—*they* are the ones who give you power and beauty." Indeed, she maintained the working class writes the best poetry. "They write the most beautiful poetry," she said, and she apparently meant this literally.

Both Mr. Baraka and Miss Le Sueur expressed anxiety and horror at the New Criticism, which of all literary theories makes the most powerful case for "art for art's sake," and lays the least burden of social responsibility on the artist. Mr. Baraka called New Criticism "literary McCarthyism," and announced that it "is trying to come back in these days of Reagan." Miss Le Sueur, on her part, told the sorry tale of the farmer boys and Ambiguity. She is from Minnesota, and "Allen Tate and Robert Penn Warren came to our university with their 'Ambiguity'. . . our boys are farmer boys, and they didn't understand this Ambiguity, they were confused by it. . . [it] even caused suicides among the young." One can't help wondering about the sort of essays submitted to Miss Le Sueur by students cowed by irony and emasculated by symbolism. But clearly the survivors are candidates for a future Writers' Congress. Mr. Alden Whitman, obituary writer, led off the panel on "Working Class Writing" with the comment: "Is *Rabbit Is Rich* [John Updike's new novel] a book to which a worker can relate?" To which patronizing remark, we can reply: "Well, it rather depends on the worker."

"The National Security State"

The most fiery panel was "Federal Control of Information and the National Security State," for participating was one of the few

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non-believers: Mr. Cord Meyer, formerly Chief of Operations for the Central Intelligence Agency and now a syndicated columnist. "You're up to your eyeballs in assassinations, Meyer!" said a relatively calm member of the audience; those a little less self-possessed suggested that Meyer was behind the overthrow of the Allende government in Chile.

Mrs. Blanche Wiesen Cook, author of *The Declassified Eisenhower*, said that the CIA and Radio Free Europe were responsible for the Soviet invasion of Hungary in 1956. Mrs. Cook insisted that the reforms in Hungary were internal, owing to Khrushchev's "de-Stalinization" speech to the 20th Party Congress in that year. "The CIA and Radio Free Europe poured in tremendous amounts of money, which polluted the internal changes," said Mrs. Cook. Mr. Meyer responded that the leaders of the revolt asked for such aid; the audience hooted.

"What we are talking about," said Mrs. Cook, after her talk on the fascistic Reagan plans to restrict access to government materiel, "is political warfare, and political warfare is about words—terrorism, disinformation. We've just been told that since we're fighting terrorism, we have to protect our lonely agents. . . . If you look at it another way, we're talking about destabilization." When the question was raised as to whether the identities of intelligence agents should be protected at all, Mrs. Cook replied: "I think that people who are going to be doing intelligence work know they're going to get involved in danger. . . ."

At the "Ideology, Truth, and Self-Censorship" panel, Miss Gloria Emerson, author of *Winners and Losers* and correspondent for *The New York Times* during the Vietnam war, said: "It is possible to be on the Left and still be horrified by the regime of Pol Pot." She went on to comment on how ironic it was that the Reagan administration "supported" the Pol Pot regime this summer at the U.N.[1] Of the North Vietnamese, she said: "We did not march for them, we marched for ourselves. . . . We hoped that they would win, not for their sakes, but for *ours*." She spoke of the "harshness" of the current Vietnamese regime, but would not allow the journalist Barbara Grizzuti Harrison to call them "wicked." "It was not wickedness. . . they have had difficult times. . . we should wish them well." Most did.

1. Actually, the United States abstained in the voting, which had to do with the legal justification for the Vietnamese invasion of Cambodia.

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At the Plenary session Sunday evening, the delegates voted overwhelmingly in favor of a resolution "for the endorsement of the Principle of a National Writers Union." They also passed a resolution on "First Amendment rights," which declared that "the American Writers Congress Continuations Committee shall form a body to monitor and mobilize opposition to all. . . legislative, executive, and judicial action that threatens First Amendment rights." Resolutions were approved condemning U.S. activities in Latin America, El Salvador (which seems redundant), and Southern Africa. A resolution for "peace" was successful: "International issues [should] be settled through negotiation, not militarily, and . . . our government, *in the U.N.*, [*should*] *take a positive position on questions related to peace, the Third World, equality among nations, general and complete disarmament, and the relaxation of international tensions*" (emphasis added). A resolution affirming solidarity with striking air-traffic controllers passed, as did a resolution on the National Endowments for the Arts and Humanities, which read: "The American Writers Congress, while recognizing the urgent need to correct the racist funding patterns of NEA and NEH, opposes any governmental attempts to further weaken their funding capacities, particularly those agencies that focus on the needs of oppressed nationalities, artists, and scholars."

The plenary, which lasted for five hours, was over at 10:00 p.m. and, for all intents and purposes, the 1981 American Writers Congress came to a close.

Masterpiece Agitprop

I write this only a few days after the closing of the Congress, and so I cannot yet judge the impact it will have. Press coverage has been plentiful: among others, two stories in *The New York Times*, stories in the *Boston Globe*, the *Chicago Tribune*, *The Chicago Sun Times*, *Newsweek*, and *Time*, as well as a little feature on the "Today" show.

This attention has mostly been serious and respectful: both the *Globe* and the *Tribune* called the Congress "constructive." The Writers Union in particular received favorable publicity. Such uncritical coverage, is, of course, a sign of contempt for literature; a similar conference on baseball would never have been so gently treated. But, if in months to come people in the press, and in other sectors of American society, begin to think that the Congress represented a true consensus among American writers, and that its actions and resolutions represented the last word of American writ-

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ers on American politics, the damage will be spectacular. If the radical American Left is given the opportunity to say: "We are the writers of America, and the writers of America wish to condemn President Reagan's imperialist maneuvers, and the control of the U.S. media by the government, and American cultural imperialism," we will indeed be heading back into the 1930s, when third-rate novelists like Michael Gold, Jack Conroy, and Pietro di Donato were called great, the films of Sergei Eisenstein and the novels of Mikhail Sholokhov were considered enduring masterpieces, and all activity which did not actively serve the purposes of radical change was roundly condemned.

"Good writing is counterrevolutionary," the feminist Ellen Willis has written. When writers, who are the most solitary and individualistic of all workers, are exhorted to express "solidarity"—that is, to follow a party line—we may be entering an age when writing will be judged only by its success or failure as propaganda.

An occasion like the Congress is disturbing because it is so transparent. Through the 1960s and 1970s, the New Left sought to avoid comparisons with the Communist Left of the 1930s. It chose new masters—Mao and Ho Chi Minh rather than Stalin; Ken Kesey and Kurt Vonnegut rather than Gold, Conroy, and Sholokhov; Dennis Hopper rather than Sergei Eisenstein. Its main end was a sexual anarchism, rather than the regimentation the Communists envisioned (and under which, as party members, they lived). However, one could see what Jean-Francois Revel called the "totalitarian temptation" peeking through. *The Nation*, in particular, has in the last five years come to sound more and more like a party back sheet and the hero-worship of a Philip Agee bears the unmistakable imprint of a group all too willing to embrace the old masters. At the Congress, all pretense was dropped, and the strident voice of the Stalinist Left was heard again. Or rather, let us say, at the Congress who witnessed the birth of neo-Stalinism.

But let us not forget that the Congress's main attraction, before it met, was that "inviting committee," and the hope of brushing against America's blue-ribbon literati must have led many to send in their $25. Admittedly, E. L. Doctorow and Kurt Vonnegut showed; but Donald Barthelme, Evan Connell, Oriana Fallaci, John Kenneth Galbraith, David Halberstam, Pete Hammill, John Irving, Pauline Kael, Justin Kaplan, Maxine Hong Kingston, Philip Levine, Norman Mailer, Bernard Malamud, James Merrill, Joyce Carol Oates, Mordecai Richler, Wallace Stegner, William Styron, and Robert Penn Warren, among many other, lesser

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scribes, were not in attendance. Instead, such dignitaries as Zizwe Ngafua, Martin Nisenholtz, Lawson Inada, Ronnie Dugger, Faith Sale, Carlos Marentes, Amber Hollibaugh, Marion Skedgell, Mfundi Vundla, Mei-Mei Berssenbrugge, Paul Robeson, Jr., Helena Quintana, and Lorna Lee Cervantes sat in their places.

The Inviting Committee made it seem as though this was to be a real *Writers* Congress, and would be an important event because it had the backing of America's best-known. But as the biggest names to appear were Vonnegut and Doctorow, the rest of the Congress was left to writers whom only a very few of the delegates could have heard of. In this sense, then, delegates were profoundly misled—and it certainly was "no accident" that the program for the Congress was not released to the delegates until they had registered.

So the Congress was a fake—a monument to dishonest advertising, a form of bad faith that should be especially repugnant to writers. Indeed it was not even about writers; only marginally were "issues of concern" to writing discussed. The intensely private craft of writing was left with the delegate and his typewriter. The Congress, in truth, concerned one matter only: the crimes of the United States. And for these crimes—among them the threat of the United States to world harmony, its responsibility for the arms race, its corruption of the world's language, its censorship of writers here and abroad, and its police-state activities in the field of intelligence there could be only one solution: "a heroic writers movement—assertive, militant, pugnacious," in Toni Morrison's words.

In the "Call to the American Writers Congress" printed in the program, one finds the following sentence: "The Writers Congresses of the 1930s were a reaction to the Depression at home and fascism abroad." Not one word, in this "official" document, as to what the old Congresses *served*. The Popular Front lives.

The 1981 American Writers Congress received financial support from such institutions as Time Inc., Newsweek Inc., Time-Life Books Inc., the Book-of-the-Month Club Inc., the National Broadcasting Company, *Mademoiselle* Magazine, The New York Times Company Foundation, Warner-Lambert Co., New York Telephone, the New York State Council for the Arts, the New York Council for the Humanities, the National Endowment for the Arts, and the Mobil Foundation.

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Tales from the Public Sector

Not *Controlling the Budget**

In the 1981 session of Congress, President Reagan and a bipartisan coalition of Republicans and conservative Democrats achieved a counter-revolution in our politics.

Over a relatively brief span, President Reagan and his allies pushed through a massive tax cut and slashed back federal spending to the bone, especially in the realm of social welfare. The long-term consequences of this bold program are conjectural, but the short-term ones have been all too obvious. Many of the aged, indigent or otherwise needy will be deprived of benefits. And because federal revenues have been so drastically curtailed, enormous deficits are in prospect—driving interest rates to unprecedented levels.

The foregoing statements have two major features in common. All of them have been widely accepted as accurate descriptions of the Reagan economic program. And all of them, on close analysis, are false. Those characteristics tell us a great deal about what is wrong with our political and economic system these days—and with the way it gets reported in the national media.

Start with the tax cut—allegedly the largest such reduction in our history. In fact, the Reagan package requiring future reductions in the rate of personal income taxation was not a "cut," but a rollback of a series of tax increases already imposed, or scheduled to be imposed, on American citizens.

Thanks to the phenomenon of "taxflation," the federal government has enjoyed an enormous revenue windfall, amounting to tens of billions of dollars annually. Because of inflation, a taxpayer who earned $10,000 in 1970 needed $20,000 in 1980 just to keep pace. But while his purchasing power stayed even, his larger nominal income put him in a higher tax bracket—meaning a larger percentage of his earnings for the government, a smaller percentage for himself.

That process, combined with ever higher social security levies, increased the federal tax burden dramatically during the tenure of

*This article is adapted from a forthcoming study for the Institute for Business and Economic Education.

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Jimmy Carter—by a total of $270 billion as of mid-1980—and would increase them still further in the years to come if permitted to continue. What the 1981 tax program does is interrupt this process in the future through "indexing," and cancel some of the most recent surreptitious increases.

To date, of course, the rate reductions in the package have barely started to take effect. But even when fully implemented, the package will roll back our tax burden as a percent of personal income to a level slightly *higher* than it was when Jimmy Carter ascended to the White House. The following table, adapted from the *National Journal,* shows the level of taxes scheduled to prevail in 1984, compared to those prevailing in 1977:

1977 Income	Old Law—'77	New Law—'84
Percent of Income for Federal Taxes, Family of Four		
$5,000	-0.2%	5.9%
$10,000	10.2	13.6
$20,000	16.7	17.7
$30,000	20.0	21.2
$50,000	23.8	25.5
Percent of Income for Federal Taxes—Single Taxpayer		
$5,000	11.3	14.4
$10,000	17.8	17.5
$20,000	20.9	22.0
$30,000	22.9	24.4
$50,000	27.9	28.3

These calculations assume that incomes move up through the brackets in accordance with the workings of taxflation—so that, to keep pace with inflation, a family making $5,000 in 1977 would need to make $8,492 in 1984, and so on up the line. They also assume a continued expansion of the social security wage base in keeping with recent historical experience.

On that basis, it is possible to see that, even after the full Reagan tax package has taken effect, virtually no income group will be better off in 1984 than it was in 1977. As the *National Journal* sums it up: "Tax increases between 1977 and 1981 generally more than offset the coming tax cuts. No category of taxpayer will have a significantly lower tax burden in 1984 than in 1977."

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Taxing and Spending

If there has been no authentic cut in taxes, still less has there been a cutback in federal spending. All those stories telling us President Reagan and Congress had "cut the budget" by $35 billion are erroneous in almost every respect. They fail to tell us (a) that what is being cut is an increase in federal spending proposed by President Carter, (b) that the true reduction in that increase (as of November 1981) is less than half the advertised amount, and (c) that the resulting Reagan budget for 1982 is more than $100 billion *higher* than the original Carter budget for fiscal 1981.

What President Reagan has attempted to do, with limited success, is to *increase the budget at a slower rate* than that prevailing in recent years. The object is to bring the growth rate of the federal government down below the general level of economic growth, so that federal outlays, while continuing to increase in absolute terms, will not absorb a constantly larger percentage of the Gross National Product.

Unfortunately for the Reagan program, federal spending has a built-in dynamism that pushes it to ever higher levels, despite economies suggested by the White House and voted in the Congress. The following table shows the spending estimates projected by the Carter and Reagan economic planners over the past two years:

Fiscal Year	Projected Outlay (billions)	Date of Estimate
1980	531.6	January 1979
1980	547.6	Mid-year 1979
1980	579.6	Oct. 1980 (actual)
1981	615.8	January 1980
1981	611.5	March 1980
1981	633.8	Mid-year 1980
1981	655.2	March 1981
1981	661.2	Oct. 1981 (actual)
1982	739.2	January 1981 (Carter)
1982	695.3	March 1981 (Reagan)
1982	704.9	July 1981
1982	722.0	October 1981

The most notable feature of this table is the constant upward surge of spending across the two year period, so that the Reagan

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budget for fiscal 1982 is more than $100 billion higher than that originally proposed by President Carter for 1981, and almost $200 billion higher than that at first suggested for fiscal 1980. Moreover, appropriations bills being considered at this writing could push the 1982 total even higher—to $726 billion. This allegedly austere budget, it will be noted, is only $13 billion below the enormous spending total proposed by President Carter for fiscal 1982.

The Reagan Estimates

For a moment, however, let us forego the comparison with President Carter and simply consider what has happened to President Reagan's *own* budget estimates, which increased by $27 billion between March and September 1981. When the President offered his budget estimates in March, outlays for 1982 were figured at $695 billion. By the time of the mid-session review in July, this had risen to $705 billion. By October 1, when fiscal 1982 began, the total was up to $722 billion, and heading even higher.

This constant upward surge of spending estimates under an economy-minded and supposedly hard-hearted president, after supposedly massive budget cuts, illustrates the curious nature of our budgetary condition. Namely, that spending continues to increase at a rapid clip, quite independently of economy moves promoted in the White House or spending totals adopted in Congress.

The common assumption is that outlays for 1982 had to be revised because of rising interest rates, which are indeed a factor. Most of that ($10 billion) was accounted for, however, in the mid-session review. In the $17-billion jump occurring between July and September, the principal problem was not interest rates, but "entitlements" in the social welfare budget.[1] These are programs that issue benefits in tempo with economic indicators—income, age, employment, movement of the consumer price index. As unemployment increases, or the CPI goes up, billions gush forth automatically from the Treasury, irrespective of the budget numbers put together in Congress."

It is this process that has played havoc with the Reagan estimates. Of the $17-billion increase between July and September, $3.8 billion was for social security (because proposed savings were not enacted), $2.8 billion for other "entitlements and uncontrolla-

1. Technically speaking, interest payments are also "entitlements," though generally not referred to in that fashion.

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bles" (ditto), $2.4 billion for farm price supports, $800 million for Medicaid, and $700 million for food stamps. These and other budgetary odds and ends amounted to almost $12 billion in projected spending hikes, compared to $5.6 billion for additional interest.

The essence of the problem, obviously, is the entitlement machinery that keeps running up the spending on an automatic basis. As long as this process continues, adopting piecemeal budget cuts in individual programs is like trying to sweep back the tide with a whisk broom. As fast as such efforts are made to curtail outlays, the entitlement process can—and usually does—increase them, making all the numbers meaningless.

A good example is the fate of savings sought by the Administration for a cluster of entitlement programs including welfare, Medicaid, and food stamps. In March, the Administration estimated 1982 outlays for these programs at $45 billion, and proposed savings of $6.5 billion to bring the total down to something over $38 billion. By October, actions by Congress and the inexorable power of entitlements had pushed it right back up again, so that we faced a potential outlay of $44.8 billion—virtually what it had been before the projected economies.

All of which, it will be observed, is substantially different from the image of our government provided in the civics textbooks, or the usual media coverage of such issues. Rather than tax and budget matters being decided after calm deliberation by our elected representatives, both aspects of fiscal policy have been running themselves, according to a logic and a dynamism of their own: new automatic revenues through "taxflation," new automatic spending hikes through the entitlements.

By rolling back taxflation to 1977 levels and indexing brackets in the future, the 1981 tax bill brought the revenue half of this equation under control. The spending half, however, continues essentially as before. It is this discrepancy that creates the prospect of yawning deficits in the future, and that must be corrected if our budgetary problems are ever going to be resolved.

M. Stanton Evans

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*Scalping the Indians**

There may be others in the federal woodwork who treat their congressionally-appointed charges with the kind of white man's burden confidence that is rampant on Indian reservations. But the Bureau of Indian Affairs (BIA) is certainly the most entrenched and oldest bureau in the government, with more employees than any other in the Department of the Interior and more than $1 billion to spend in 1981.

"That's because we work with people, not rocks and mountains," trilled one BIA executive.

Indeed, the BIA mandate over the years has become so all-encompassing that federal dollars on the Navajo reservation, for example, have run into the billions during the past century. The U.S. Commission on Civil Rights was forced to conclude that "the Federal government, faced with several alternatives, has consistently opted for the one of least benefit to the Navajo people and their land and the one most likely to perpetuate a welfare existence on the reservation."

Indian tribes own the largest units of privately held land in the United States, covering an area larger than the combined states of New Jersey, Delaware, Maryland, and the six states of New England. There are more than 200 reservation tribes which control vast percentages of America's natural resources. Indian tribes control more forested acreage than the big lumber companies; nearly one-third of the strippable, low-sulphur coal west of the Mississippi; one half of the country's privately held uranium; and 4 percent of the nation's natural gas. In addition, oil wells on reservation land have pumped an amount equal to 12 percent of the oil imported daily from OPEC—over one million barrels every twenty-four hours.

Yet, Indians, the only specific political group named in the Constitution, are the poorest people in America. Without a scorecard, it is often difficult to recognize that the BIA is the Indians' protector, their constitutionally guaranteed trustee.

As the original Americans' welfare status might suggest, the BIA's efforts on their behalf have rarely been nominated for certificates of merit. For example, in 1969 the BIA spent $8,040 for

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each Indian family on the Oglala Lakota Nation in South Dakota. Reservation family median income, however, was only $1,910 a year, less than half the prevailing poverty level. More recently, the BIA, along with the Economic Development Administration, provided, through loans and grants, $294 million to help establish reservation businesses. Forty-five industrial parks were financed. Two years later, when asked by a Senate subcommittee to conduct a comprehensive review of the BIA, a report of the U.S. Comptroller General stated that thirty-eight of the parks had only two or fewer businesses operating. Further, over a four-and-a-half year period, Indian employment—a major goal of the BIA program—*decreased* from 2,246 to 1,205. "Federal economic development programs to help Indians achieve a higher standard of living are not working well," observed the Comptroller General.

The solution was the Indian Self-Determination and Education Assistance Act which was passed in 1975. A bicameral blending of treaties, old guilts, and crossed-finger exercises in upbeat economic democracy, the Act establishes a "meaningful Indian self-determination policy" which will remove federal domination of Indian programs and, in their place, "provide for effective and meaningful participation by the Indian people in the planning, conduct and administration of. . . programs and services."

Despite the promises of the Self Determination Act, the BIA retained the unilateral right to decline to enter into any contract *it* deems unsatisfactory to its tribal wards. That is, the BIA refused to transfer the administrative reins of any proposed program, despite whatever assessment the Indians might make about their *own* expertise or capabilities or determined needs, and despite the BIA's demonstrated inability to properly assess and execute Indian affairs in the past. The Comptroller General sums it up thus: "The Bureau. . . does not have adequate control over contracts, grants, and training and technical assistance activities authorized by. . . the Indian Self-Determination and Education Assistance Act;" and, in general, the Act, as administered, is a waste of personal, governmental, and financial resources.

Not only does the government continue to underwrite the costs of tribal life, but the costs themselves are often irrelevant to the Indians' needs. For example, in 1977 and 1978 Congress asked the Bureau to reduce its administrative costs by some $8.5 million.

But the bloated bureaucracy, rather than reduce its clearly unneeded expenses, chose to take the ol' hatchet to the necks of the reservations' inhabitants. Concludes the government report, "In-

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stead of applying all of this amount [$8.5 million] to [reduced] administrative costs, the Bureau took several actions that will result in about $7.5 million of the reductions going directly to programs intended to benefit the Indians." Thus, the Bureau ended up decreasing its administrative costs by $900,000, about 10 percent of the amount specified by Congress.

In its defense, the BIA said the recommended reductions "would have prevented [the Bureau] from providing essential administrative services to the Indians." Overgrading of personnel at the Navajo Area Office in Arizona, to cite another example, cost the BIA about $202,000 annually. Personnel activities at the Albuquerque Area Office revealed that one out of every four employees there was classified as a supervisor.

Several years ago, a Western tribe entered into a coal lease agreement, after advertising and presumably arranging for competitive bidding, with a Montana attorney-speculator. Within six months, the attorney assigned the lease to Chevron, for a fee of $1.4 million. The tribe got nothing from the transaction. In addition, the attorney and his heirs receive a royalty of nine cents a ton, more than half the fixed seventeen and one-half cents per ton the tribe gets.

"The Indian leases in this country are among the worst that I have seen," says Charles Lipton, an international expert on the negotiating and drafting of Natural Resources contracts and a former consultant to the World Bank. "They can only be compared to the old colonial agreements of thirty and more years ago. The tribes have been pretty well taken."

The Montana lease—lock, stock, and coal mines—was negotiated by the tribe's trustee—the Bureau of Indian Affairs, the group that works with people, not rocks.

Robert Klein

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Book Reviews

Greenery

THE PURSUIT OF INEQUALITY. *By Philip Green.* (Pantheon Books, New York, 1981)

Philip Green, professor of government at Smith College, sets out in this book to hunt down some opponents of equality. What offends him is that since the 1970s the "inegalitarians," as he calls them, have persuaded "a significant part of the American intellectual class...to turn its back decisively on egalitarianism." In the hope of weakening this dire influence, Professor Green attacks them on all fronts, maintaining that their evidence is false, their reasoning faulty, their motives base, and their cause (which he identifies with capitalism) corrupt.

In the first and larger part of the book, Professor Green assails the "sociobiologists," a number of academic publicists who have argued that social inequality results chiefly from unequal genetic endowment, that social inferiors are genetically inferior. He concentrates his fire on Arthur Jensen, Richard Herrnstein, and Steven Goldberg, the first for asserting the genetic inferiority of blacks, the second of the lower class, and the third of women.

Underlying these concrete exercises in sociobiology, says Professor Green with some reason, is a general thesis about heritability of human qualities advanced by Professor Jensen in his famous article published in 1969 by the *Harvard Educational Review*. The position Professor Jensen expounded there, as interpreted by Professor Green, can be summarized as follows. (1) The success of any individual in an advanced society depends largely on the quality of his "conceptual intelligence," which is the essential tool for making "complicated technical decisions." (2) This aptitude is measured, more or less adequately by IQ tests. (3) Analysis shows that about 80 percent of any person's IQ score is determined by his genes and only 20 percent by his upbringing—a result which emerged from studies of persons similar in nature but dissimilar in nurture, especially of identical twins brought up in different homes. (4) Little can be done, therefore, to equalize the conceptual intelligence of persons by environmental influences such as compensatory education. (5) It follows that because inherited intelligence is widely unequal, social inequality is largely inevitable.

Professor Green's objections are numerous, varied, and weak. For instance, he charges that Professor Jensen merely assumes what he pretends to be proving, namely that genes have something to do with intelligence. In fact Professor Jensen need not assume that. The basic assumption on which all studies such as his rest is that whatever a human being has become by any moment depends on two sets of causes or influences, mutually exclusive and together exhaustive: those which come into operation at the moment of conception and those which begin to operate thereafter, or, less strictly, those that operate before and after birth. Labels abound to identify that dichotomy: pre-natal

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and ante-natal, nature and nurture, inherited and acquired, biological and social, heredity and environment. What is vital is the assumption that *all* the causes which determine the characteristics of any person fall into one or the other of two such categories.

Professor Green seems to sense that this assumption is the vulnerable sector in the sociobiologists' line, but his efforts to break through are half-hearted. He declares, for instance, that the distinction between genetic and environmental "makes no sense" because "neither exists without the other." Presumably he means that every human being is a product of *both* causes, but this observation would not render the distinction between the two causes illegitimate; his objection amounts to saying that because animals need *both* food and water, we cannot sensibly distinguish between food and water. At another point Professor Green castigates "the mindless assumption, lacking either empirical or methodological sense, that 'nature' and 'nurture' are real and separate *things*" such that "we can say that everything not determined by the one is determined by the other." This is feeble stuff, because the first half of the sentence does not entail the second half. Even if "nature" and "nurture" are analytic concepts rather than real things—as the sociobiologists might grant without at all jeopardizing their analysis—it would still necessarily follow that "everything not determined by the one must be determined by the other." It would necessarily follow, provided one held to the assumption that nature and nurture exhaust between them all possible causes of human behavior.

What forces Professor Green to resort to smudge and blur is that, like the sociobiologists, he too believes that everything about a person is determined by either his heredity or his environment. The only difference between them is that the sociobiologists believe that heredity accounts most for certain human characteristics whereas Professor Green believes that environment does. Though not trivial, this difference is not fundamental. Professor Green and they are all determinists, of one sort or other.

The real alternative to their shared determinism is the view that a human individual, far from being passively conditioned by external causes (whether biological or social), is an active, purposeful agent who largely shapes his own life in accordance with his own desires, beliefs, capacities, and intentions. In short, the dichotomy between heredity and environment, while reasonable enough in itself, is inadequate as the foundation of a theory about human affairs, because it omits the human agent who uses both his genetic endowment and his environmental circumstances as the raw materials from which he fashions his own life. Although in some respects constrained by heredity and environment, men are not victims of circumstance, even if some mistakenly believe that they are.

Another example showing how superficial Professor Green's attack on the sociobiologists is when he raises the question of whether the "different environments" in which the separated identical twins grew up were really very different. Obviously no two American families, no two human families for that matter, are *totally* different. In consequence, Professor Green suggests, some part of the observed simi-

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larity in the IQ scores of the separated identical twins ought to be attributed to similarity in their upbringing, which means that Professor Jensen's estimate of 80 percent heritability was an overstatement. In fact, Professor Jensen guarded himself on this point by showing that when children who are genetically dissimilar are brought up in an identical environment, that is, the same home, their IQ's are not very similar—which again points to the conclusion that nature is more powerful than nurture in determining the IQ score. To this, Professor Green responds that the same home does not provide all children in it with *identical* environments, and this is obviously true so far as it goes. But the most that this kind of criticism can do is to call into question exactly how much of a person's IQ depends on heredity. It does not get at the root of the matter.

A deeper attack on the sociobiologists must be founded on recognizing—as Professor Green fails to do—that "the environment" faced by any given individual is not an objective fact which can be assessed accurately by an objective observer. Instead, each individual largely shapes his own environment by emphasizing some of its aspects while ignoring others, by interpreting its manifestations according to his own beliefs, and by directly acting upon it. Professor Green, like Professor Jensen, errs in regarding "the environment" as something that forms each person rather than as something largely and differently formed by each person.

To reject his attacks on Professor Jensen as unimpressive does not compel one to accept Professor Jensen's views. By way of contradicting Professor Jensen, or more exactly, Professor Jensen as represented by Professor Green, I would assert the following. (1) In our society, as in all others, intelligence has not much to do with an individual's "success"; vitality, endurance, charm, skills, persistence, and many other qualities of character and mind matter more, especially if "success" is understood in private, personal terms as well as public, and in terms of satisfactions in addition to those of high income and status. (2) IQ tests measure only a few special aspects of intelligence rather than intelligence as a whole, and they measure traits of character quite unrelated to intelligence. (3) Measuring the heritability of intelligence depends, as I have shown, on a false theory of how human beings become what they are. (4) Genetic inequalities of intelligence might, for all we know, be mitigated by more education, different education, better education. (5) Social inequality does not result fundamentally from genetic differences in intelligence, but rather from the inherent and ineradicable differences among human individuals, which arise from their rational power to fashion themselves as they choose.

What follows? To reject Professor Jensen does not require us to embrace Professor Green. Both are wrong, sometimes for the same reasons, sometimes for different reasons. Among other things, both are preoccupied by equality, an obsession invented by egalitarians and now fostered by egalitarians and anti-egalitarians alike, an obsession which confuses, disturbs, and practically maddens those who suffer from it.

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Taken altogether, Professor Green's critique of the sociobiologists fails in two ways. Despite peppering their position from all sides, he never inflicts fatal injury—and this is because he does not oppose them as radically as he imagines. Even if he had utterly chased them off the field of battle, a task far from impossible, that would not mean a victory for his side, because the arguments that could defeat the sociobiologists would defeat Professor Green at the same time. Professor Green lacks the insight to have identified his real enemy.

In the second, briefer part of the book, Professor Green turns his guns on the "new individualists" or "neoconservatives," prominent among whom are Milton Friedman, Robert Nozick, and Irving Kristol.

Professor Green begins by taking the *Bakke* case as the setting within which to confront the new individualists' theory of justice (or what he represents as theirs). The case arose from a complaint by Mr. Bakke, who is white, that the University of California denied him admission to its medical school although he was better qualified, in grades and test scores, than a black student who was admitted; his rejection, Mr. Bakke charged, was unlawful racial discrimination. In defense, the University, while conceding that it had practiced racial discrimination, maintained that the discrimination had been of the lawful and laudable sort known as "affirmative action" or "reverse discrimination." Professor Green poses the question of whether abstract justice (as distinct from the Constitution and laws of the U.S.) would uphold Mr. Bakke's plea.

According to the new individualists' theory of justice, Mr. Bakke was unlawfully discriminated against because an irrelevant consideration, the color of his skin, barred him from enjoying his right to be admitted as a medical student. Mr. Bakke's right derived from moral desert or merit, and his merit was founded on his accomplishments, namely the achievement of high grades and test scores. In short, this theory of justice holds that accomplishment confers merit, which in turn confers rights, which may not justly be extinguished by discrimination, that is, arbitrary preferences of those in public office. Such, at least, is Professor Green's version of the new individualists' theory of justice; whether it is an accurate representation or an adequate theory need not concern us here.

In answer, Professor Green tries to cut each link in that chain of reasoning. First he casts doubt on whether Mr. Bakke could be credited with much "accomplishment." Perhaps, he suggests, Mr. Bakke may have inherited more intelligence than others, in which case he could achieve high grades with less effort than they. Consequently his performance was not more meritorious than theirs, because "from the standpoint of any imaginable moral philosophy, greater accomplishment from the same amount of effort does not deserve greater reward." We cannot all match Professor Green's feat of imagining all imaginable moral philosophies, but we can easily infer that in his moral philosophy it is effort rather than accomplishment that deserves reward. If two people exert the same amount of effort, they should get the same reward, even though their accomplishments are different. It

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seems then that if Professor Green observed two pupils putting the same amount of effort into their violin lessons, he would give them the same marks and would give them equal places in the orchestra—even though one had learned to play very well and the other could produce nothing but painful screeches and execrable whines. It seems also that, on Professor Green's view, Mozart, who is known to have composed "effortlessly," deserved far less reward than some incompetent amateur whose lamentable opera cost him an agony of toil. And every increase in skill, because skill reduces effort, should earn a negative reward.

Those and many other ludicrous implications flow from Professor Green's theory. Why does he not realize this and abandon that theory? He keeps it because he needs it, and he needs it because it fits so well with, is so essential an adjunct to, his radically "democratic" dogma and (what amounts to the same thing) his extreme egalitarianism. For him it is an indisputable axiom that no individual may ever be permitted to be substantially better off than any other. Assigning rewards to effort is a plausible implication of the axiom, because everyone can more easily make the same effort than accomplish the same results.

As to the next step in the new individualists' train of reasoning, Professor Green denies that Mr. Bakke's merit (supposing there had been any) would have conferred a *right* on him. It is not merit that confers rights, but government; or, as Professor Green puts it, an individual has a right only because "someone has made an authoritative decision about the kinds of values the social order should be trying to maximize." So far as he is trying to say that rights stem from man-made laws and not from prior or superior natural law, many would agree, including many individualists. But beyond this, he apparently means that nothing like constitutional barriers should be permitted to stand in the way of a government doing whatever it believes would bring about "social betterment." His radically "democratic" society is to be brought about by a government unlimited in power, provided only that it be "genuinely" democratic (meaning that everyone takes "real" part in it), and honoring no obstruction to its power other than the rights which it itself dispenses, until it sees fit to cancel those rights. In short, he proposes tyranny, albeit a democratic tyranny of the many.

Last and best of all, Professor Green denies that Mr. Bakke was unlawfully discriminated against. "None of us has a right not to be discriminated against; what we have is the right not to be discriminated against on grounds that the legitimate decision-making organs of our society do not accept as valid." In other words, and other words are badly needed, discrimination is valid unless it is invalid. That is not very helpful in assessing Mr. Bakke's claim that he was a victim of racial discrimination, a form of discrimination which many thought had been authoritatively declared to be unconstitutional. Nor does it help to clarify the very tangled concept of discrimination. But the latter is not Professor Green's purpose. For, as we will shortly see, he believes that discrimination is a highly desirable means so long as it is discrimination in a good cause, serving his views of what constitutes "social betterment."

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In the course of rebutting the opposing theory of justice, Professor Green has thus disclosed his own. Merit or moral desert stems from a person's efforts. Rights stem not from moral desert but from authoritative pronouncements of government in accordance with "considerations of social betterment." Whatever a "democratic" government does for social betterment is just, and discrimination is just when aimed at that end.

If anyone is still left wondering what Professor Green would wish to see done about problems such as Mr. Bakke's, the answer comes at once. The government should discriminate forcefully in favor of blacks, women, the lower class, all "disadvantaged groups" and all "excluded minorities"; and this must mean, although Professor Green does not quite say so, that government should discriminate against whites, men, and all those (even blacks and women) who live comfortably, because all these have, in his view, been "advantaged."

Everything that government should do according to him is framed in terms of acting in the interest of *groups*. To this the new individualists respond that since it is individual persons who feel and act, government should fashion its policies in response to the situation of individuals. Professor Green tries to brush this objection aside by asserting that the "interests" of groups are "real interests (at least as real as any others)," though the parenthetical qualification somewhat diminishes the force of this avowal. And what, in any event, could the "interest" (meaning, if anything, the reasonable desires) of a group be, other than the common interest of each of its individual members? Then if every individual member of that group has certain interests in common, we could just as well speak of the interests of those individuals. But since it is practically impossible that the individual members of any group should *all* have the same interests, should all agree perfectly about every possible question, statements about the interests of a group deceptively imply uniformity where the truth is diversity.

In the end, Professor Green's objection to the new individualists is that they make *"individual* well-being the source as well as the criterion of social justice," whereas he is concerned only with the well-being of groups, classes, castes, genders, age-cohorts, minorities, and societies. Where they are individualists, he is a "communitarian" or collectivist. He belongs to a strange and different world, with which communication is seldom satisfactory.

Underlying his debate with the inegalitarians, he sees a deeper, greater struggle, a cosmic conflict in which the protagonists are Capitalism and Liberal Democracy.

Capitalism, according to him, is a system whose "ethos" is "systematized inequality." What he seems to mean by this cryptic formula is that Capitalism divides people into a ruling class and an oppressed working class and that people born into either class almost infallibly stay in it. By Capitalism he seems to mean, as most people do, an arrangement such that capital goods, like machinery and buildings, are privately owned and controlled. Moreover, under Capitalism, as anyone would concede, there are employers and employees. But where is the evidence of "systematized inequality"? Many facts point the other way. Within American capitalism today, very many employees are

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employers as well, in their capacities as stockholders directly, or indirectly as beneficiaries of pension funds, holders of insurance policies, or depositors in banks. Many employees, such as managers, technicians, entertainers, and professionals, earn more than many employers. Income is distributed more equally in America today than in many non-capitalist countries. From all of which the notion of Capitalism as systematized inequality can be recognized for what it is, a mystical article of faith, not subject to being disturbed by evidence or argument. With it goes another article of faith which forbids the believer to recognize human beings as individuals and compels him to see them only as members of classes.

And what of the other cosmic protagonist, Liberal Democracy? Its ethos, Professor Green proclaims, is equality. How he knows that is far from clear. Most people take Liberal Democracy to mean that each qualified citizen has a right to vote, and that the candidates among whom the voters choose offer different policies. This much, in any event, defines the democratic element. As to the liberal element, it consists of the citizen enjoying considerable rights as against his government, which is to say that the government itself is subject to the established rules of law. Liberal Democracy, then, is desired as a guarantee against tyranny. Equality comes in only as a means: rough equality of votes, it is hoped, will prevent the tyranny that might result if all the votes were confined to only a few citizens. If the ethos of Liberal Democracy needed to be or sensibly could be expressed in one word, that word would be not equality but freedom.

Seen with clear vision, the purported struggle between Capitalism and Liberal Democracy turns out to be a great love affair. Any candid reading of the history of those two ideas shows that they were usually advocated by the same people and for the same reasons, Capitalism because it would free the subject from domination by government in the economic sphere, Liberal Democracy to do the same in the political sphere.

If any cosmic struggle is going on now, it is between freedom and equality, that is, between those who would accept severe curtailment of freedom in order to approach equality and those who resist that exchange. Professor Green denies that this choice need ever be faced. He asserts, on the contrary, that freedom and equality can be achieved only if both are achieved together. This is because, in his view, most people will become free only when they become less unequal. Capitalism, as he understands it, gives the capitalist unfettered freedom to exploit the worker but gives the worker next to no freedom, only the "freedom" to sell his labor. For Professor Green, therefore, the only way to achieve real freedom of the working class is to replace Capitalism by a system in which profit is eliminated and all output is distributed to employees. This would bring about "equality," and "equal freedom," and "real democracy" at once; "in such a system (perhaps we should call it 'socialism') it would seem that there could be no interference by 'government' with 'property,' since people would only be interfering with themselves and their own rights." It is marvellous how blithely he falls into the well-known fallacies of confusing freedom (absence of restraint by other persons) with potency (posses-

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sion of means to effect one's will), and of supposing that rule of the majority is a perfect guarantee against tyranny.

An ideal community, as he envisions it, would be classless, and its social structure "completely fluid from one generation to the next," because all inheritance would have been abolished. Specialization of labor would continue, but not in the extreme form that it takes under Capitalism, which deprives workers of the ability to exercise the whole of their faculties, and of reasonable levels of income, self-determination, and social esteem. "Egalitarians above all propose a democratization of the workplace and social life, by making the workplace a community rather than an oligarchy; by breaking or weakening the strength of the association between job rank on the one hand and, on the other, income, decision-making opportunity, and access to control over one's workplace and the rest of one's environment." How this state of affairs could be brought about, how it could be brought about without vastly increasing the power of government (if not of central government then of the governing bodies of "self-governing communities"), how it could avoid the tyranny of majorities, how it would guarantee against declining output—these questions and many others that could be raised, Professor Green never troubles to consider. Experience of egalitarian communities in the past suggests that those questions cannot be answered in ways which would please him. His ideal is a mirage.

While trying to give a picture of how Professor Green thinks about politics, I have refrained from commenting on his book as a literary object. But it would be ungenerous to leave the reader uninformed on this score. Let me say then that the book seems to have been written with great fervor and at times in a mood of agitated heat. A resulting advantage is that it keeps the reader awake, as he would be while listening to a loud military band or mounted on a runaway camel. Among the less welcome effects is that Professor Green's argumentation, though sometimes effective, is seldom lucid, and his prose fluctuates between cryptic brevity and inscrutable complexity. Still less attractive is his frequent descent into vilification. The work of Professor Jensen and Professor Herrnstein is "a classic case of the substitution of social prejudice for social science"; Professor Goldberg's book is an "inspired" piece of "propagandistic mythmaking"; Professor Friedman's discussion of public policy is "alternatively either vacuous or self-serving," and "it is difficult to believe that [Kristol's] cavalier attitude toward history is not deliberate." These and many similar jibes express Professor Green's conviction that most people's ideas (though not his own) are determined by their own economic "interests," indeed that ideas are a mere façade erected to conceal interests. That he believes this cannot be helped, but that he expresses the belief in vituperation does nothing to raise the level of intellectual debate. Perhaps he would reply that in a time so perilous as ours and in a cause so holy as his, civility is too dear a luxury. Many others have thought the same about their times and their causes. The consequences, on the whole, have been far from gratifying.

William Letwin

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Machiavellis for Hire

THE RISE OF POLITICAL CONSULTANTS: NEW WAYS OF WINNING ELECTIONS. *By Larry J. Sabato.* (Basic Books, New York, 1981)
THE NEW KINGMAKERS: AN INSIDE LOOK AT THE POWERFUL MEN BEHIND AMERICA'S POLITICAL CAMPAIGNS. *By David Chagall.* (Harcourt Brace Jovanovich, New York, 1981)

An insidious new breed of political corrupter is menacing the land. Political consultants, scores of them, trained in such furtive techniques as public opinion polling and television commercials and solicitation by telephone or mail, have been uncovered at work all over America. "Television and polling have bred a new profession of electronic manipulators," warned Arthur Schlesinger, Jr. "Assembled in election management firms, the media specialists, working indifferently for one party or the other, reduce campaigns to displays not of content but of technique." Consultants, wrote political analyst Sidney Blumenthal, "have supplanted the old party bosses" and "superseded" the parties themselves. "They are the new bosses," insisted writer Nicholas Lemann, with influence far greater than the old ones. "They have put more important politicians into power than Boss Tweed or Mayor Daley ever dreamed of," Mr. Lemann claimed. In the 1960s and 1970s, "a brigade of consultant superstars developed and assumed positions of unparalleled power and influence in the political structure of America," declares David Chagall in *The New Kingmakers*. Their emergence, he says quite seriously, is "the most significant development in modern politics."

Well, hogwash. If the rise of political consultants is of such surpassing importance, where does that leave the ascendence of liberalism as the reigning ideology in American politics for a half-century and the more recent resurgence of conservatism? And what about the extraordinary development of black political power in the last two decades? Or the decline of the big city political machines? Or the emergence of the Sun Belt and West as the new seat of political dominance? Are these mere secondary or tertiary phenomena?

Obviously not, but in the face of the fashionable hysteria over political consultants, they may seem so. What is at work here is old-fashioned demonology that has transformed an assortment of media experts, pollsters, strategists, and direct mail specialists into an evil force in control of the nation's political fate. True, they are a force and certainly not a force for good at all times, but they are neither evil nor in control. And they are not a fresh species of political boss. Consultants are interchangeable; political bosses, an extinct and unreplaced breed, were not. If a candidate tries to hire David Garth to produce his campaign commercials and fails, he can turn to Charles Guggenheim or David Sawyer or someone else. That is precisely what Senator Edward M. Kennedy did last year in his ill-starred presidential

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bid. Mr. Garth declined, so Mr. Guggenheim was hired, only to be replaced later by Mr. Sawyer. But when John F. Kennedy was running for the Democratic presidential nomination in 1960 and sought the support of Mayor Richard J. Daley of Chicago, he either got it or he didn't (he got it). There was no other mayor of Chicago and leader of the Illinois delegation to turn to.

The fundamental question about political consultants is whether they are regularly able to manipulate voters. The answer is no. Of course, there are striking examples of consultant-devised gimmicks shifting the balance in an election. In Florida in 1978, Democratic consultant Robert D. Squier used a "working for governor" theme to catapult an obscure state senator named Robert Graham into the governor's office. Mr. Graham worked a different job each day for 100 days, and his TV spots showed clips of him as a schoolteacher or construction worker or factory hand. But the gimmick would not have been so mightily effective in the absence of some other crucial factors: a weak field of candidates, an unsettled political environment because of population growth, and feeble party organizations. Mr. Squier helped considerably, but he did not perform magic.

For every Robert Graham, there is a Francis Burch. After years as attorney general of Maryland, Mr. Burch decided to run for governor in 1978. He hired Mr. Squier to handle his media and William Hamilton, a respected pollster, to conduct opinion surveys. Mr. Burch spent more than $300,000 and went nowhere, dropping out months before the primary. The candidate with virtually no assistance from consultants, Harry Hughes, won the Democratic primary and was elected governor.

Mr. Squier and almost the entire corps of national political consultants failed again in 1979 in the Louisiana governor's race. Recruiting both Mr. Squier, who produced impressive commercials, and Matt Reese, who provided phone banks, was not enough for Louis Lambert. He came in second. Nor were Charles Guggenheim, who put together a dramatic thirty-minute film, and Mark Shields, a veteran organizer, able to boost Bubba Henry. He came in fifth. David Garth worked for a spell for Sonny Mouton, who finally fired him. Mr. Mouton finished sixth. Jimmy Fitzmorris and Paul Hardy also hired out-of-state consultants to direct their media drives. Mr. Fitzmorris wound up third, Mr. Hardy fourth. The winner was David Treen, the lone Republican in the race and the only candidate to use a small, Louisiana firm to produce his crude but punchy TV spots.

In many statewide races, the work of consultants for one side simply cancels out the work of consultants for the other. Scarcely any candidates for major positions now run without the assistance of consultants. And when political guru checkmates political guru, other factors prevail—even issues. In Indiana in 1980, Democratic Senator Birch Bayh and Republican challenger Daniel Quayle fought to a standoff in television spots. Mr. Quayle won because he is a conservative and Mr. Bayh is a liberal.

As often as not, the candidate with the inferior television commercials or the counterproductive strategy wins. Contrary to the legend

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generated by Joe McGinness' *The Selling of the President*, Richard Nixon won the presidency in 1968 in spite of his strategy of hiding from voters and reporters and sitting on a lead, not because of it. If the election had been held a week later, he might have lost. In 1976, Jimmy Carter was elected president, though the TV spots created for him by Gerald Rafshoon were far less effective than those produced for Gerald Ford by John Deardourff and Douglas Bailey. Ironically, the Rafshoon commercials in 1980 were drastically superior to the mushy spots for Ronald Reagan created by Peter Dailey. But voters could not be manipulated into overlooking Mr. Carter's plentiful shortcomings.

Nor can politicians study public opinion polls, conform to them and automatically be assured of long political life. No politician was more slavishly devoted to polls than Mr. Carter; they served him poorly, and were no substitute for leadership. For one thing, polls are not scientific instruments. They are often wrong. In 1976, Robert Teeter's polling for Mr. Ford showed him comfortably ahead of Mr. Reagan in the North Carolina primary. The Ford campaign relaxed, and Mr. Reagan won, reviving his presidential campaign. In 1978, Democratic Senator Thomas McIntyre of New Hampshire believed a poll giving him a large lead over Republican Gordon Humphrey. Mr. McIntyre is now a Washington attorney, Mr. Humphrey a U.S. Senator.

And yet the myth persists in the face of the failure of Rafshoonery and the demonstrable inaccuracy of polls. One reason is because books like *The New Kingmakers* continue to appear, attributing near-omnipotence to a group of political consultants who failed to save the presidencies of four consecutive presidents.

In Mr. Chagall's book, the wretchedness of the writing is exceeded only by the wrongheadedness of the analysis. Consultants are "the Merlins of the electronic age, the Vince Lombardis of modern electioneering." Sometimes they are good, sometimes bad, but almost always they are successful, stumbling only when candidates give them too little authority. America passed in the 1970s "into a new era of prophetic pollsters, mystic mediamen and career candidates," Mr. Chagall writes. "...Winning was everything and presidential pretenders were measured by nothing more than their skill at manipulating mass sentiment." Maybe the consultants won't be so bad after all, though, he adds. "The new kingmakers will steer our democracy through the uncharted seas of instant communications with confidence, skill and, it is fervently hoped, with wisdom," he notes. "Today's research-wise consultants are certainly no worse than the pompous party bosses and powerful newspaper publishers they have replaced."

Sprouting amid the bad prose and conflicting insights are notable errors of fact. Mr. Chagall says Mr. Carter won New Jersey in 1976; Mr. Ford did. He says Spiro Agnew was "the champion of the rednecks" when Mr. Nixon chose him as his running-mate in 1976; Mr. Agnew had been elected governor of Maryland by defeating a favorite of the rednecks. He has George Bush making plans for the final round of primaries in 1980; Mr. Bush had dropped out by then. He describes Edward I. Koch as a state legislator before his election as New York

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mayor; Mr. Koch was a member of Congress. He quotes one consultant as referring to "Bobby Goodwin" as the media expert in a 1972 race and lists Mr. Goodwin in the index; later, he writes about Robert Goodman, a prominent Republican consultant, without realizing he is the same as the misnamed "Bobby Goodwin." On one occasion, two errors of fact appear on the same page. Even by the lax standards of political gossip, that's not doing very well.

Mercifully, there is an antidote to the handwringing and exaggeration about consultants. Larry J. Sabato's *The Rise of Political Consultants* is a clear-headed, penetrating, lucidly written account of the emergence of campaign professionals. Mr. Sabato sees them as talented and, in the main, unwilling to stoop to deception. But they have a tendency to tout themselves as political wizards, and political reporters reinforce this image.

> Not only do many journalists fail to understand what it is consultants do and how they do it, those same print and television journalists are responsible in good measure for the glow of expertise and omniscience that surrounds the consultant's every pronouncement. Consultants have become prime and semipermanent sources of information and insight for political reporters, and the election professionals are rewarded with an uncritical press and frequent, beatific headlines...Upon actually meeting these political wizards, after preparatory reading of hundreds of awestruck commentators, one inevitably is reminded of Dorothy's disappointment when she unmasked the Wizard of Oz.

Mr. Sabato is able to make relevant distinctions between media experts in politics and other admen. The political professionals rarely try to sell candidates in the same manner as soap, he notes, because that approach doesn't work. Mr. Ford's advisers tried that tack in 1976, for instance, and found test audiences sneering at their "slice of life" commercials. The spots were yanked off the air. According to Mr. Sabato:

> The comparison of political with product advertising can be carried too far...and usually is. Consumers themselves make a considerable distinction between the two ad forms. Research indicates that viewers pay significantly more attention to political advertising...People not only consider political ads more intently, they appear to concentrate more closely on what is actually said.
>
> ...There are other major differences in advertising a politician and a product. Pure name identification is a far more crucial element for a product than a person. Communicating a candidate's name is only the first step to convincing a voter to cast a ballot for someone, while merely recognizing the name of a product is often sufficient inducement for a consumer to choose it over its lesser-known competitors. At least for high-visibility political offices, people consider their decisions seriously and expect to be given enough information to make a reasonably intelligent selection. Also, product advertising has a completely different scale of success, which hinges on getting a fair share of the market for a given product. That share can be quite small; 5 percent of the cola industry would represent a goldmine. Political advertising must be aimed at securing a clear majority of the market, and it must garner that majority in a

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short advertising season—short compared to a product cycle—that culminates in a one-day clearance sale on election day.

Another canard—that political commercials are unique in avoiding substantive issues—is also disposed of by Mr. Sabato. "As critical as one can properly be of consultants' issue-deficient advertising, it must also be admitted that television journalists do even a worse job," he writes. A study "found that political advertising in 1972, for all its many faults, gave five times the coverage to the major issues of the day than did the evening network news programs. The vast majority of the 'news' was given over to campaign trivia, hoopla, polls and 'horse-race' estimates, and this sorry record was only slightly improved in 1976."

Free of the they're-taking-over-politics hysteria, Mr. Sabato is able to assess the impact of consultants soberly. "Consultants and the new campaign technology have not changed the essence of politics," he says. "Politics is still persuasion, still a firm, friendly handshake. But the media of persuasion are no longer the same, and the handshake may be a projection or even an illusion." With consultants playing a bigger role, campaigns have become more expensive, the decline of political parties has been hastened and campaigns have lost many of their regional characteristics and become homogenized. Moreover, Mr. Sabato notes with alarm that the professionals often serve as "preselectors" in determining who runs for office. They do this "often with the mere announcements of their choices of clients in a race," he says.

But what they cannot do is manipulate voters in a way that guarantees success for any candidate they choose. "The importance of campaign technology to electoral success can easily be overstated (and usually is)," Mr. Sabato concludes. "Elections, and the choices voters make among candidates, are too complex and involve too many variables to be determined by a single element. In most elections the new campaign techniques, and the consultants themselves, probably do not make the difference between winning and losing, although they make some difference and in at least a few cases can convincingly be given credit or blame for the margin of victory or defeat." That may not be a very heroic or thrilling way to look at political consultants, but it has the saving grace of being irrefutably true.

Fred Barnes

A Modest Republic

EXPLAINING AMERICA: THE FEDERALIST. *By Garry Wills.* (Doubleday, New York, 1981.)

Garry Wills is at it again. Having, with critical and commercial success, and in the interests of a "communitarian" ideology, ravaged the Declaration of Independence in *Inventing America*, he has now turned to The Federalist. There is reason to hope, however, that the bamboozlement of even learned men and societies by *Explaining America* may be less complete. Copies of The Federalist are, after all, more accessible than the writings of the Scottish moral philosophers Mr. Wills

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made so much of and misinterpreted with such impunity in the earlier book.

Mr. Wills's grand thesis is that the America explained by The Federalist is a republic of virtue, in which "interest is to be eliminated from the political arena," and "*dis*interested men" are to rule. The people would subordinate private goods to the common good, and "*since* they were virtuous, would choose wise and virtuous rulers who would exercise power benignly...." (pp. 265, 185). It is a thesis unmistakably contrary to the tenor of The Federalist, which takes the preponderance of self-interest as given and only seeks to turn it to useful ends.

The most familiar numbers of The Federalist supply quite unpromising material for Mr. Wills's interpretation. Number Ten is concerned above all with the danger of "majority faction" (a majority "united in some common impulse of passion or of interest adverse to the rights of other citizens or to the permanent and aggregate interests of the community") and frankly despairs of averting it by diminishing the self-centeredness that gives rise to it. This displays little confidence in heroic popular virtue. And Number Fifty-one, which shows how the Constitution would preserve the separation of powers by giving to those in each branch the "constitutional means, and personal motives, to resist encroachments of the others," presupposes the inefficacy of self-restraint as a curb on rulers.

Mr. Wills copes with these embarrassments by a show of careful scrutiny: more than half his pages are brought under the heading "Representation (No. 10)" and "Checks and Balances (No. 51)." But neither paper receives a sustained exposition or careful analysis.

Number Ten's proof that the causes of faction cannot or should not be eliminated is dismissed as a "useless flourish" (p. 23), thus putting some disconcerting thoughts out of sight. Mr. Wills does correctly report that Madison prescribes the extension of representative government over a large and diverse population to control the effects of majority faction, but he distorts the rationale of the cure. According to Madison "the circumstance principally which renders factious combination less to be dreaded" in a large republic is "the greater variety of parties" in it, which makes it less probable that an improper passion or interest will be felt by a majority or be acted on if felt. Mr. Wills finds the argument unconvincing. He accordingly refuses to attribute it to Madison. It is expunged, and replaced by what is for Madison a secondary point: the likelihood that in a large republic the representatives are more apt to possess "enlightened views and virtuous sentiments."

As for Number Fifty-one, its ingenious justification of the breaches in the separation of powers known as "checks and balances"—that they secure that separation against "the encroaching spirit of power"—dwindles down to a recommendation of bicameralism. Madison's apprehension that the legislature is the likeliest aggressor on other branches is exaggerated into the assertion that the only check needed is on the legislature and that no external check on the legislature is feasible. Mr. Wills ignores the checks on the other branches and the external checks on the legislature provided by the Constitution and pointed out by The Federalist. He is left with bicameralism (pp. 122–125).

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Mr. Wills lets Madison say "Ambition must be made to counteract ambition," if it refers only to the ambition of senators and representatives—and if it is not the kind of "enterprising ambition" Madison has in mind.[1] The ambition relied on, we learn, is a noble ambition for fame. The "interest of the man" that is, according to The Federalist, to defend "the constitutional rights of the place" is, according to Mr. Wills, an interest in "the republican rewards of virtue" (pp. 235–236). Emulation in virtue for the prize of honor—this, Mr. Wills would have us believe, is an example of what Madison calls "the policy of supplying by opposite and rival interests the defect of better motives."

Mr. Wills supports his thesis with the following line of reasoning: According to The Federalist, the American people possess "republican genius." But according to Montesquieu and, therefore, according to The Federalist, the genius of republics is virtue. Consequently, The Federalist ascribes to the American people a high degree of self-forgetting public-spiritedness (p. 180 ff.). The defects of this argument are three. First, by the "republican genius" of Americans, The Federalist means simply their attachment to republican government.[2] Second, The Federalist, contrary to Mr. Wills's assertion, does expressly "abandon Montesquieu's view of republics" (p. 187). That is, it rejects the small, simple republic in favor of the commercial liberal republic also dealt with by Montesquieu.[3] Finally, The Federalist depicts Americans as typically engrossed in private concerns. In its one explicit comparison of the characters of ancient and modern republican citizens we read, "The industrious habits of the citizens of the present day, absorbed in the pursuits of gain, and devoted to the improvements of agriculture and commerce are incompatible with the condition of a nation of soldiers, which was the true condition of the people of those republics."[4]

The Federalist does not, of course, deny the existence, desirability and necessity of "better motives." When the opponents of the Constitution profess to find insufficient security in the whole battery of devices that strengthen duty with self-interest, Publius will throw up his hands: "The supposition of universal venality is little less an error in political reasoning than the supposition of universal rectitude."[5] It is in a few places like these that Mr. Wills locates the key to The Federalist (p. 187 ff.). The devices themselves he ignores when he does not distort. For example, he treats as a demand for "superlative virtue" in the president an argument presuming its absence (p. 187).[6]

1. The Federalist No. 48, p. 334 in Cooke's edition.
2. No. 39, p. 250; cf. No. 66, p. 448.
3. No. 9, p. 52; No. 14, p. 83; No. 51, p. 353.
4. No. 8, p. 47.
5. No. 55, pp. 377–378; No. 76, pp. 513–514.
6. Cf. No. 75, p. 505.

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Some inconvenient passages in The Federalist—"If men were angels no government would be necessary" and its sequel in Number Fifty-one, for instance—are too familiar to be overlooked. So Mr. Wills diverts attention to the unfamiliar: the philosophy of David Hume. One of his major strategies is to contend that Hume exercised a decisive and pervasive influence on The Federalist. And so the "two or three most famous statements of a 'dark view' of man's nature" must be understood in the light of "Hume's generally optimistic view of man as sociable and acting from a moral sense" (pp. 189, 236). But then some of *Hume's* statements have to be explained away: e.g., "It is a just *political* maxim that every man must be supposed a knave," for since "men are generally more honest in their private than in their public capacity" we must make a man "cooperate to the public good" by means of his "private interest."[7] So Mr. Wills assures us that although Hume was "optimistic" he was not "sappily" so (p. 191). And we are to suppose that the force of what we wrote on "the need to thwart men's selfishness" is weakened by his general philosophic position: Hume "would never admit that [selfishness] is the most basic instinct or political motive in man." He rejected the theories of "Hobbes and Locke, who maintained the selfish system of morals." The "actual motive that prevails in human action" is "the moral sense, or social virtue" (pp. 191–192).

Mr. Wills is as wrong about Hume as he is about Publius. Hume does undertake to disprove the "selfish system"—that is, the theory that "no passion is, or can be disinterested"—but he observes that the question is "not so material as is usually imagined to morality and practice."[8] He does not, as he could not, infer from his refutation that "the actual motive that prevails" (whatever Mr. Wills means by that) is "the moral sense or social virtue." Hume's view is that we naturally love ourselves better than anyone else and that our affection for others is largely confined to our family and friends.[9] Neither Hume's theory nor his portrayal of the facts offsets the unwillingness to rely on disinterestedness in politics that he shares with The Federalist.

Mr. Wills pretends to be following the lead of the unobtrusively influential historian Douglass Adair in what he says of the influence of Hume on Publius. *Explaining America* is dedicated to the memory of Douglass Adair, "who saw it first," and Mr. Wills modestly concedes that his interpretation of The Federalist is "rather Adair's" (p. 265). But the coat-tail grab doesn't work. Mr. Wills, writes, for example, "We have been told that the Constitution is a kind of Lockean bargain made to protect contending property interests. Yet Adair found the most direct influence on The Federalist in Hume's conception of government as a utilitarian division of labor within a generally benevolent set of social ties" (p. 265). There is no evidence in Adair's published writings that he "found" any such thing[10]—happily for his reputation.

7. *Essays*, edited by Green and Grose, Vol. I, pp. 117–119.
8. *Enquiry Concerning the Principles of Morals*, Appendix II.
9. *Treatise of Human Nature*, Book III, Part II, sec. ii.
10. *Fame and the Founding Fathers*, edited by Trevor Colbourn.

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The impression of "Hume's conception of government" that emanates from Mr. Wills's imprecise words here and elsewhere—of government as the fruition of natural sociality, with the members of the political community bound together by affection—is incorrect. Hume ignores the natural desire for society in accounting for the origin of government. The "selfishness and confined generosity" of men produces an "insatiable, perpetual, universal" acquisitiveness which makes the possession of external goods so unstable that men are led to set up government to make it in their interest to follow the rules of justice that secure those goods.[11] Hume's "conception of government" is very like "a kind of Lockean bargain to protect contending property interests"—which makes it very like The Federalist's: The "first object of Government" is the protection of "the faculties of men from which the rights of property originate," and "the principal task of modern legislation" is the "regulation of...various and interfering interests" reflecting "the various and unequal distribution of property."[12] Mr. Wills does not cite those words from Number Ten. He invokes without warrant the authority of Douglass Adair to supplant the plain teaching of The Federalist with the doctrine of a fictitious Hume.

Like much else in his book, Mr. Wills's Hume is fabricated out of misconstrued fragments of text.[13] A specimen: That "sociability" has "great force" in Hume's politics is illustrated by a passage whose point is that "affection to wisdom and virtue in a sovereign" is only a "secondary" source of loyalty to his rule (p 35).[14] Another: It is said that because Hume "saw the force of personal attachment in the whole range of political ties" he found it "hard to distinguish government (always to be supported) from governors (who are opposable)." The confusion is not Hume's, however; Mr. Wills treats Hume's warnings against rebellion as though they were directed against party opposition (pp. 38–39). One more: That Hume's essay "Of Parties in General" gives "longer treatment" to "parties based on personal friendship or animosity" than to "those founded on some real difference of sentiment or interest" is, we are told, "because sociability figures so largely in Hume's thought on government" (p. 211). In fact, the essay gives twice as much space to the latter kind of party as to the former.[15]

Explaining America is not mistaken in every respect. It points out that Madison at the Constitutional Convention and in The Federalist

11. *Treatise*, Book III, Part II, secs. ii–vii; *Principles of Morals*, Chapters III, IV.

12. No. 10, p. 58, p. 59.

13. It is "the habit of quoting 'proof texts'...without regard for context" which in part accounts for the "misreading of No. 78" as a justification of judicial review, Mr. Wills writes (p. 137), while quoting the paragraph in which Hamilton announces his intention of justifying judicial review only in disjointed parts, (pp. 128, 131, 138). He deals with those who remember the paragraph by blaming its plain meaning on Hamilton's syntactical carelessness (p. 138).

14. Cf. *Essays*, pp. 111–112.

15. *Essays*, pp. 128–133.

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was not the enemy of a strong national government that "we," according to Mr. Wills, had been taught to think him. "We" are supposed to be surprised that Madison was not a simple exponent of Jeffersonian democracy (p. 24 ff.). Whether we are or not, we must rejoice that the Henry R. Luce Professor of American Culture and Public Policy at Northwestern University has unlearned the clichés of junior high school. That is no compensation, however, for the innumerable errors and distortions he disseminates.[16] Moreover, and what is worse, *Explaining America* is something more than an exercise in polymorphous academic perversity. In it Mr. Wills keeps up the work begun in *Inventing America* of displacing "individualism" by "communitarianism" as the basis of the American political order.

That intention must account for Mr. Wills's insistence that The Federalist proclaims legislative supremacy, especially in Number Seventy-eight, where it is, in fact, firmly refuted. (There Hamilton argues for judicial review on the premise that the Constitution is superior to any legislative act because it is the act of the sovereign people.) Mr. Wills reaches this bizarre result by renaming the power to make and alter the Constitution "the legislative power" and by putting the state ratifying conventions in the place of the people they embodied (pp. 156–157). Thus he tries to obscure the doctrine of "the right of the people to alter or to abolish the established constitution whenever they find it inconsistent with their happiness"[17]—too "individualistic" a doctrine, presupposing a political society formed by contract among free and equal individuals.

Purging The Federalist of individualism requires warping its Constitution into a "virtuous republic." For the rejection of that model by Publius is a sign not of "realism" merely; more importantly it is a sign of devotion to individual liberty. It can be learned from Montesquieu,[18] the thorough-going effort to erect a "virtuous republic" would require measures that Publius would condemn as "improper or wicked projects" which, by "giving to every citizen the same opinions, the same passions, and the same interests," would be contrary to the nature of a free regime.[19]

Mr. Wills's unavowed revisions of The Federalist are not those of a statesman or a statesmanlike scholar respectfully mending the deficiencies of a regime in fidelity to its purposes.[20] His depredations exploit the authority of The Federalist while rejecting those purposes. For him, a self-proclaimed "conservative," as for the "liberal" critics

16. In a half-dozen pages devoted to John Jay's few contributions to The Federalist, Mr. Wills manages to turn what Jay presents as the safety from retaliation of the powerful into the "proud magnanimity" of the virtuous (p. 250), and to find fault with Jay's grammar, faultily (p. 251).

17. No. 78, p. 527.

18. *Spirit of the Laws*, Book V, chapters 2–7.

19. No. 10, p. 65, p. 58.

20. See the writings of Harry V. Jaffa on the American political tradition, especially on Lincoln.

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nonsensical; and so its conclusive argument for popular government—it is a safeguard against minority faction[21]—is not noticed: Popular government is favored as an accommodation to vulgar habit and prejudice (p. 177 ff.). Since legitimate interests cannot be distinguished from illegitimate, the great defense against majority faction must be suppressed. The substitute for it is devotion to a public good that is denied the inseparable connection to private rights given it by The Federalist, from its first number on.

The Prologue to this book says that to explain the Constitution one should turn first to The Federalist. It is easy to agree. By the time Mr. Wills has finished his exposition, the Epilogue says that The Federalist thus expounded quite fails to explain America's government. It is impossible to disagree. Mr. Wills puts the blame on Publius—or rather, on history. If Madison offers an erroneous account of how America operates it is because "his analysis was based on different cultural realities than the ones that succeeded his age..." (p. 268). Madison was, of course, unaware of this, thinking that he was observing (for example) the seeds of faction always present in human nature. In any event, the docile student of *Explaining America* will see America estranged from its founders and feel himself alienated from both. Garry Wills plans two more books to complete his project.

R. S. Hill

Costly Encounters of the Third World Kind

EQUALITY, THE THIRD WORLD, AND ECONOMIC DELUSION. *By P. T. Bauer.* (Harvard University Press, Cambridge, 1981)
THE WORLD CHALLENGE. *By Jean-Jacques Servan-Schreiber.* (Simon & Schuster, New York, 1981)
DOWN THE DRAIN: A CRITICAL RE-EXAMINATION OF CANADIAN FOREIGN AID. *By Paul Fromm and James P. Hull.* (Griffin House, Toronto, 1981)

Some years ago, in the reading frenzy that seizes anyone faced with blank paper and a deadline, I smoothed out a crumpled page left in my library carrel at the University where I was studying. It turned out to be a letter from one of the freshman girls to her former teacher, begun and then inexplicably abandoned in typical first-term chaos.

Naturally, I read it. She had, she said, just begun the introductory

21. No. 10, p. 60; No. 51, p. 349, p. 351.

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economics course. But nothing much had been imparted yet. All she'd learned was Supply—and here she slashed the page from left to right—and Demand—a reverse slash.

That's it, of course, right there. There isn't actually much else to learn about economics. But although it's acknowledged at the start of every elementary course, the concept of price impersonally and inexorably regulating a dynamic system has proved almost impossible for society at large to grasp. A case in point is the response of what Professor Bauer would call the "political nation," the American governing (and broadcasting) elite, to the OPEC price hikes of the last decade. Whether despite or because of the efforts of generations of Econ 101 instructors, at a moment of crisis America's rulers instinctively assumed that the nation could only be persuaded to conserve energy by direct measures, like heating guidelines and the 55-mile per hour speed limit. Simultaneously, they imposed domestic price controls (saying in effect: "oil prices are *so* $2.00 a barrel"). This actually propped up OPEC by strangling U.S. domestic production and encouraging consumption. The elite simply didn't believe that demand schedules slope backward, or that supply schedules shift over time. The result was a ten-year bipartisan blunder, within incalculable global repercussions.

Professor Peter Bauer of the London School of Economics has long been famous for his relentless guerrilla harassment of the foreign aid caravan, which proceeds expensively across the contemporary landscape with its bureaucratic and clerical camp followers, otherwise unquestioned except, recently, by the President of the United States. Professor Bauer's comprehensive statement of his case against foreign aid forms the bulk of this powerful book. But it is actually only an example supporting his general complaint that an ignorance of fundamental economic principles pervades not merely educated public debate, but also the economic profession itself.

For example, one of Professor Bauer's essays is entitled "Economists and the Two Dollar Problems." During and after World War II, he says, leading economists became concerned that there would be a permanent shortage of dollars and, hence, liquidity internationally. At some point in the 1950s, they became worried about a dollar glut—"dollar imperialism." Both predictions flourished together for a while, with the second proving longer-lived. Both arose from a neglect of the self-adjusting mechanism inherent in the theory of comparative advantages, under which European economies simply organized themselves to find goods they could sell cheaply enough to penetrate the U.S. market, and from a disregard of other exchange rate determinants like monetary and fiscal policy. The reason for the dollar shortage/superfluity during the course of this adjustment was simply that rates—prices—had been fixed by the 1944 Bretton Woods agreement, first undervaluing and then overvaluing the commercial dollar. However, market forces proved impossible to suppress.

Similarly, Professor Bauer cites the World Bank's 1955 *Report on the Economic Development of Nigeria*, which projected export earnings decades into the future without reference to the effect of price on supply and demand, and the National Institute of Economic and So-

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cial Research's 1965 study, *The British Economy in 1975*, which neglected exchange rates and monetary policy. Economics since World War II, Professor Bauer argues, has developed great quantitative technique and forecasting ambition while overlooking its foundations, and indeed the fact that it is not, ultimately, a "hard" physical science. This absence of a common core also explains disagreements among economists on the value of their peers' work—"differences which are far wider than they are in most other fields of academic study."

Jean-Jacques Servan-Schreiber's *The World Challenge* is a further illustration of this curious regression. At one point in his slick melange of dire warnings about the increasing power of the exploited Third World, ecstatic predictions of a glorious computerized communal future and breathless accounts of assorted Key Moments in Recent History, Mr. Servan-Schreiber breaks off to address a panegyric to irrigation projects. It is now possible, he tells us, to cultivate deserts, "in Israel's Negev as well as the Arabian Gulf" (!!), under sheets of plastic (!!!), with water, pressure, salt content, all monitored and controlled by computers (!!!!). "From this we can see how the use of intelligent, computerized information will enable us to achieve vastly more rational irrigation and fertilization of the soil in the future." We can also see that the reality of cost will be entirely disregarded from Mr. Servan-Schreiber's binary new world, along with such notions as marginal productivity, return on investment, or commercial viability.

This omission has its comic aspect. Mr. Servan-Schreiber himself a French publisher and ex-Cabinet Minister, clearly has a sharp appreciation of profit. He seems to have organized a sort of international cheering squad for his book, a "fraternity" called "The Paris Group" made up of superannuated center-leftists like himself. Much of his book is taken up with fawning portraits of various Japanese and Third World figures who might conceivably be useful to him. For example, he quotes one Paris Groupie, ex-West German Finance Minister Karl Schiller, describing another, current Kuwait "Minister of Finance *and* Planning" Abdulatif Al-Hamad, as a "young genius." And an incident is cited to prove Al-Hamad's genius-hood. The World Bank had refused to finance an agricultural development in Tunisia on the grounds that it couldn't offer "the minimum economic return required by the international organization. Al-Hamad induced his Kuwait Fund for Arab Development to cough up the loot. He argued that the investment's "social effects" were more important. Mr. Servan-Schreiber claims that the project's success far outstripped expectations. But he does not say whether these were the expectations of the World Bank, hardly a center of flint-eyed capitalism. Al-Hamad's rationale, however, was typical of the politicization of investment decisions to which Professor Bauer ascribes much of the Third World's pitiful economic performance.

Mr. Servan-Schreiber's previous best-seller conjured up an American Challenge, against which Europe had to unite. Events, he now says airily, have removed that threat. International government is more than ever necessary, however, to facilitate the transfer of technology and wealth from the West to the Third World. The Third World de-

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serves it, the Arabs have the power to compel it, and the West needs it too, in order to restart the faltering post-World War II boom.

There is no doubt this is exactly what many people want to hear. Mr. Servan-Schreiber is particularly concerned to establish footholds in the Arab world and in Japan—there is some internal evidence that he considered writing a "Japanese Challenge" book, but was scooped. But he also takes care to mention the Israelis' efforts (under Ben-Gurion) to get themselves counted as a non-aligned nation. He even claims that until seduced by the British and the French in 1956 the Israelis were not aggressively involved beyond their own borders, since those borders were themselves the result of war and this is not likely to impress his Arab friends. Since some of Mr. Servan-Schreiber's arguments sound like an appeal for free trade and economic growth, the circle of his potential admirers is almost complete. Still, this is only because he never spells out exactly how this transfer is to be accomplished, except that it will include and be made less painful by computers. Nor for that matter does he appear to have considered whether the Third World actually wants foreign experts telling it how to achieve economic growth for the good of all. There are no Iranians among Mr. Servan-Schreiber's carefully-cultivated contacts. At least not now.

Mr. Servan-Schreiber is entertaining. His anecdotes are vivid and novel—he claims, for instance, that Henry Kissinger connived with the Shah to increase oil prices in 1973–4 against the Saudis' wishes, an interpretation reflecting the influence of James Akins, ex-U.S. Ambassador to Riyadh, an enemy of Dr. Kissinger, and another Paris Groupie. Mr. Servan-Schreiber's interview with Indira Gandhi, in which he introduces her to her first microprocessor, is a model of unconscious humor. ("Indira...always listens well.") But then you notice inaccuracies—Dien Bien Phu was not the first defeat of a white army in Asia—and politic distortions (despite the Congress Party myth, its 1942 Quit India campaign was a humiliating failure). Ultimately, you begin to wonder what this fan dance is all about. Mr. Servan-Schreiber has produced a monument to the bankruptcy of the West's enlightened moderates: their conceptual inadequacy, their sycophancy toward Third World forces selected apparently by the promptings of guilt, and above all their endless maneuvering to be in line for the expense accounts, no matter who is signing the chits.

Mr. Servan-Schreiber is a journalist in a global village, bending and editing the news to fit his social ambitions and the susceptibilities of local worthies. With some debatable exceptions like James Reston, this phenomenon does not exist in the U.S., where the media has developed into an independent power. But in smaller societies like that of Canada, it is a fact of life—as is the spectacle of journalists doubling as activists, usually to promote themselves.

This is what makes *Down The Drain*, Paul Fromm and James P. Hull's quietly devastating documentation of the disaster of Canadian foreign aid policy, so remarkable. Canadians give, or more accurately are compelled by their government to give, twice as much per capita in foreign aid as their neighbors below the 49th parallel. The reasons for

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this are simple. Canada has long possessed a foreign affairs bureaucracy of a size and tradition far grander than might be expected for a nation of its size. This dates from the utterly-vanished days when Canada was a component part of the British imperial nation, and played a global role. Additionally, the Canadian intellectual establishment is quite as dominated as the British by the sort of Fabian socialism which, as Professor Bauer describes, led to the creation of colonial marketing boards and monopolies directly before independence, handing to the successor states the instruments of their own economic destruction. Both interest and ideology, therefore, incline Ottawa toward extensive state-controlled transfers to the Third World. Additionally, Prime Minister Pierre Trudeau, resurrected from apparent total defeat in 1979, is widely believed in Canada to be eying the United Nations Secretary-Generalship, perhaps as a stepping-stone to higher things.

Politically, English Canada is currently about where the U.S. was in 1950. Liberal ideas control not just the government, but also the moribund Opposition party, the Progressive Conservatives, insofar as they have any ideas at all. Recently, however, Canadian conservatives have shown signs of building their own underground organizations, similar to the U.S. movement which eventually succeeded in electing a president. The Toronto-based Citizens For Foreign Aid Reform (C-FAR), to which both Messrs. Fromm and Hull belong, is one symptom. Singlehandedly, it is combating the federal government's domestic propaganda in favor of global redistributionism. This book, published this year, is a major weapon.

Essentially, it provides a case study of foreign aid analyzed from a Bauer-esque perspective. A large part of the book is given over to a recital of atrocities committed by the Canadian International Development Agency (CIDA), such as $5 million worth of fork-lift trucks left rusting in Tanzania because of a failure to provide spare parts—and CIDA's insistence that a technical consultant sign a contract undertaking not to speak to the press before embarking on a vain salvage mission. Messrs. Fromm and Hull then proceed to examine the conceptual foundation of Canada's foreign aid policy, and the New Economic Order scheme of global socialism endorsed by the United Nations. Professor Bauer (and the editor of Policy Review) are cited frequently.

In fact, the frequency of the citations is so great that at times the book seems about to turn into a clipping file. This is a consequence of the extraordinary polemical pressure under which C-FAR finds itself. Since the book's publication, CIDA has been refusing to allow its agents to appear on television shows with representatives of C-FAR. This is roughly parallel to the attempt to anathematize Goldwater conservatives as kooks and drive them from public life that occurred in this country twenty years ago. Messrs. Fromm and Hull feel they can afford no mistakes. They advance behind defensive works comprised of everything they can lay their hands on, and while this makes progress arduous, it does mean that some pretty interesting material is lying around. For instance, they have a rare and thorough discussion of the widespread Third World practice of clitoridectomy, a form of sex-

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ual mutilation which may affect some 74 million women, many living in countries that receive Canadian aid. Canada practices the usual double standard in its foreign aid policies. It boycotts South Africa while arguing that it cannot interfere in the domestic arrangements of other countries. This particular arrangement, however, would be fatal for the foreign aid lobby if it were hyped in the normal way. The whole issue remains a curious example of feminist bitches not barking in the dark.

Professor Bauer argues, and Messrs. Fromm and Hull document, that the Third World will not benefit from forced injections of capital and charity. The only way it can develop—the only way anyone has ever developed—is to rely, in President Reagan's words, "on the magic of the market place." To make this case requires the destruction of a bewildering array of counter-arguments, many based on profound emotion. Professor Bauer does this in the manner of a hedgehog shuffling onto a snake and eating it from the tail up, impervious to its agonized striking, a process which although conclusive can be rather harrowing. Once again, this is a cautious style born of murderous opposition. Hedgehogs are sometimes short-sighted. Professor Bauer consumes the overpopulation-paranoia snake in such a way as to avoid facing the obvious possibility that temporary population imbalances may result from western successes in eliminating traditional counterbalances, like disease and famine, among humans just as among the cattle of the Masai. But the hedgehog's approach has served him well; he has survived a dark age in academic economics, and in a far country among much younger men, has found heirs.

Peter Brimelow

The Spending Cure

PREVENTION IN MENTAL HEALTH: RESEARCH, POLICY AND PRACTICE. *Edited by R. H. Price, R. F. Ketterer, B. C. Bader, and J. Monahan.* (Sage, Beverly Hills and London, 1980)

President Kennedy issued his Message to Congress about "Mental Health and Mental Retardation" on February 5, 1963. This resulted, later in the same year, in the passage of the Community Mental Health Centers Act. It is perhaps difficult to discern why anyone should have thought that the extensive and expensive program thus initiated would in fact achieve many of the results intended, or even any. But from the President's Message it was perfectly clear what good results were desired; and, in particular, that they were of a limited although nonetheless important kind. For, calling for "a bold new approach," he emphasized that "prevention is far more desirable for all concerned. It is far more economical and it is far more likely to be successful." Without himself actually specifying any illustrative examples the President called for "selected specific programs directed especially at known

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causes." But he also called for "the strengthening of our fundamental community, social welfare, and vocational programs which can do much to eliminate or correct the harsh environmental conditions which often are associated with mental retardation and mental illness."

Even without the benefit of hindsight, both the President and Congress ought to have been uneasy about such a general strengthening of fundamental programs as a means to secure very particular goods. But no one had or has any business not to appreciate precisely what and how particular those intended goods were. For everyone knew that a Kennedy speaking of "mental retardation and mental illness" in the same breath must be construing mental illness as, like physical illness, necessarily involving discomfort and/or incapacitation. The child who is retarded due to some congenital defect simply cannot learn as much or as fast as the others. The serviceperson who reports sick is, in doing so, claiming either to be in pain and/or to be in some other way incapacitated. And, insofar as the courts or any other authorities allow either physical or mental sickness to serve in extenuation or excuse for an offence, it is, or ought only to be, because and insofar as that sickness results in some relevant form of incapacitation.

All this concerns us because a specialist firm, describing itself as "The publishers of professional social science," last year started a series of what are intended to be Annual Reviews of Community Mental Health. Judging by the first—and so far only available—volume, no one is expecting any readers who do not have some strong personal stake in the continuation and extension of programs established under the Community Mental Health Centers Act of 1963, and its like. Certainly all those with a strong personal stake have a correspondingly strong interest, of which for the most part they appear to be remarkably innocent, in discouraging any wider public knowledge of what this book contains, and, still more, of what it does not contain. For all those who have to pay taxes in order to fund, among so many other things, the public employment of all manner of professional supposed do-gooders would surely love to learn of an area in which spending could be cut without risk of substantially diminishing the amount of real good actually done?

One thing above all about what the Editorial Preface calls "the community mental health movement in the United States" should strike any reader from outside as being both astonishing and breathtakingly scandalous. It is that there appears to be not one single reference, whether direct or indirect, to any program initiated under the original Act which has actually succeeded in reducing the incidence of "mental retardation and mental illness"—or even in holding it down below the higher level to which it might otherwise have been expected to rise. Had there in fact been any such demonstrably successful program, we certainly could have expected such a book to be full of references to it. Everyone who had joined "the movement" in hopes of helping to prevent or to cure such manifestly evil afflictions would now be rejoicing in the successes already achieved. While anyone proposing some fresh initiative would have been eager to learn, and to apply, the lessons to be drawn from those past achievements. But no; we have to presume

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that, in the event, it turned out that the "selected specific programs directed especially at known causes" failed to fulfil the high hopes and expectations of President Kennedy.

If, on the other hand, the explanation of this lack of reference to any such demonstrably successful program is that no one has bothered to discover whether or not the various activities in which "the movement" has been engaged have in fact been getting the results originally intended, the moral to draw is yet more disturbing. For it is a familiar, if too rarely stated, logically necessary truth that anyone who is sincerely aiming to achieve anything must monitor their success or failure. Thus the teacher genuinely wanting to teach has to be ever on the alert to discover what and how much actually is getting across. Again, anyone concerned that a business should make a profit has to ensure that accounts are kept, showing which parts of the operation are and are not more than paying their way. And so on. It really will not do, therefore, to profess to be devoted to the prevention and cure of "mental retardation and mental illness" unless you are demanding the sound and rigorous monitoring of the success or failure of every activity directed toward these ends.

The principle to which the previous paragraph appeals is one of very wide and very salutary application. But it is not this principle that is moving the trio of contributors who make what is, from their point of view as members of "the movement," the quite unwarrantably pessimistic assessment: "it is our strong conviction that prevention proponents will lose the political battle for funding without good data which is capable of documenting the effectiveness and social utility of prevention programs." Much as though taxpayers may regret this, the admitted and continuing lack of such documentation appears to have had in the eighteen years since the passing of the 1963 Act precious little if any discernible effect upon "the political battle for funding." The same contributors, in this same consideration of "Political Impediments," also notice: "There is now a fairly extensive network of public and private providers of direct mental health services, some of whom believe that resources devoted to prevention programs will jeopardize their livelihood by diverting funds from treatment"; while certain members of the prevention lobby have been so tactless as to undermine the pretensions of such direct curers "by pointing to the inefficiencies and low social utility of psychotherapeutic services."

What no one thinks to point out are the morals: that, where so little can, in the present state of our ignorance, be achieved by way of either prevention or cure, no amount of money will do much good; and that the funding of public enterprises should always be determined by their achievements rather than their intentions.[1] Instead we read next of "a second source of political opposition." It is those rascals the "fiscal and political conservatives, who, in advocating a general governmental cutback in social services, are opposed to any new programs."

1. *See*, for instance, D. C. Anderson (Ed.), *The Ignorance of Social Intervention* (London: Croom Helm, 1980).

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Nothing can be allowed to justify any reduction in public expenditure here, not even—*pace* President Kennedy—the securing of the same good ends by cheaper and more efficient means. So another contributor, writing from the National Institute of Mental Health, gives to fellow members of "the movement" this anxious warning: "Some concern is being expressed that advocacy of prevention can be a cover for cutting public expenditures for medical care." (The original Message to the Congress, it will be recalled, recommended prevention as both more economical and more efficient than cure.)

The more astonishing thing about the first of these Annual Reviews of Community Mental Health is that it contains no evidence that any of the goods intended by those who promoted the Community Mental Health Centers Act are in fact being achieved by these means. The second and almost equally remarkable revelation is perhaps, to anyone aware of the contemporary climate of opinion in America, less surprising. For *Prevention in Mental Health: Research, Policy and Practice* makes it very clear that the evils which "the movement" is now mainly concerned with preventing are not the results of anything which could correctly be characterized as either mental retardation or mental illness.

As an indication of the aspect of that climate of opinion to which reference is made, consider how in recent years it has in the U.S.A.—as well as, albeit to a much lesser extent, in several other countries—become common to attribute many if not all forms of deficiency or delinquency to mental sickness or mental illness. Pupils, for instance, who by disturbing classes and by general vandalization cause problems for their teachers and others, are said, for these reasons only, not to be disturbing or disturbers but to be themselves disturbed. Such problem pupils are thus regarded not so much as causes of problems for their teachers, their peers, and the adult world generally, but as patients who themselves have and suffer the problems.

Sometimes, of course, the agent victimizers thus transmogrified into (victimized) patients are then subjected to unwanted and more or less compulsory treatments. Since these treatments are presented as medical it is assumed that they must be for the patient's own good. Nevertheless, however well justified they may be as measures necessary to protect the legitimate interests of other people, the truth is that, unless the patient really is the somehow incapacitated victim rather than the all too capable victimizer, such hopefully character-transforming treatment cannot be assumed to be, like the treatment of a genuine (physical or mental) illness, in the interests of and for the good of the patient.[2] I am reminded here of the tale of the three Boy Scouts challenged by their Scoutmaster:

"Have you each done your Good Deed for today?"
"Yes, we helped an old lady to cross the road"
"But why did that take three of you?"
"She didn't want to go."

2. Compare my *Crime or Disease?* (London, and New York: Macmillan, and Barnes and Noble, 1973).

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The good deeds "the movement" now wants to perform include the prevention of virtually all the ills to which fallen man is prone, as well as many of the misdemeanors and a few somewhat more equivocal goods and bads. Failure to deliver the solid but relatively modest package of goods originally promised is taken to warrant pursuing, by the same and similar means, quite different and far more ambitious ends. No longer is it a mere matter of laboring to prevent the manifest and undeniable evils of mental retardation and mental illness. For there—though please do not make too much embarrassing noise about that—they have abandoned hope.

Instead, as in an opening chapter on "The State of the Art," three of the four Editors make bold to say, "prevention professionals have begun working with state and federal policy-makers...to advocate for [*sic*] additional resources." But these are to be for promoting positive mental health—which is now to be construed as embracing what old-time philosophers used to call the whole good for man, or the supreme sum of all goods. The "prevention professionals" propose this radical redirection of (increased) funds and (extended) programs notwithstanding their inability to offer us any good reason for believing that they will have more success in achieving such wider and less determinate objectives than has attended their previous, humble, more assessable enterprises.

That this in truth is "The State of the Art" emerges in a piquant fashion from a chapter called "Prevention Policy: The Federal Perspective." By way of underlining the first word in the second of these chapter titles the concluding notes, "About the Contributors," explain that its author is currently Director of the Office of Prevention in the National Institute of Mental Health: it was he who earlier warned us "that advocacy of prevention can be a cover for cutting public expenditures for medical care." Perhaps in part with this unthinkable in mind he proceeds to provide from his own expert knowledge a strong answer to one simple-minded, commonsensical, but I fear conservative objective: "Some have argued that the priority targets for preventive work should be the *major mental illnesses (schizophrenia and manic-depressive disorders)*. However, there is little evidence regarding the effectiveness of programs geared specifically to reduce rates of these severe disorders" (emphasis his).

Later he is also willing to concede that "in determining what preventive efforts to undertake, it is reasonable to take into account the likelihood that the planned intervention will have the anticipated effects." It is indeed. And the same principle applies with equal force, both to the prior question whether it is reasonable to undertake any preventive efforts at all, and to the further question whether it is sensible to fund any of the planned promotional interventions. These, however, are not applications which anyone committed against "cutting public expenditures for medical care" can afford to stress, not, that is, given that "The State of the Art" is what it seems to be.

There is a further and potentially still more devastating principle which no contributor to the present volume gets anywhere near recognizing or stating. It applies to much more than expenditure on elements of the welfare state. It is a principle about the burden of proof.

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It is up to those who are asking for public money for doing good to show that they can and will provide full value—that is, do an amount of good properly proportionate to the expenditure proposed.

It will not do (though it is often done) to require opponents to prove that little or no good is being done, or that the consequential evils—including the consequential evil of high taxation—more than offset whatever goods actually are brought about. For, even if we waive the very fundamental point that the doing of such good is supposed to be the sole and sufficient purpose and justification of the whole affair, it is all too easy for the "prevention professionals," and for other similarly privileged public employees, to suppress the vital information necessary for constructing an opposition case—the more so inasmuch as such non-commercial interest groups are often assisted by doctrinally statist allies in the academic world.[3]

Nor will it do (though this too is commonly done) to confound intention with achievement by assuming that any questioning of expenditure directed toward such worthy aims cannot but spring from a heartless indifference. (In Britain at any rate, advocates of endlessly rising public welfare expenditures notoriously have a monopoly on compassion.) This logically vicious confusion between intention and achievement becomes in practice more damaging when—contrary to all the lessons of experience—it is assumed that those paid out of the public purse are constituted of a finer clay than lesser mortals. Persons so employed, it is suggested, must be disinterested in a way in which those hired in hopes of private profit never could attain. And, of course, members of public service labor unions are not as other men concerned to maximize their own utilities—nor, if you prefer the less technical language of Mr. Damon Runyon, to do the best they can for their families, for their friends, and for themselves.

What "the movement" now hopes to prevent or, as the case may be, to promote are altogether different things; although there is still little reason to believe that it will be able to compass these altered ambitions.[4] Chapter Three, for instance, is called "Prevention of Domestic Violence." Anyone inclined to object that domestic violence is typically

3. This important point about the burden of proof looks set to constitute a main plank in the platform of the new Social Affairs Unit, recently established under the wing of that now over twenty-five-year-old, market-minded, British think tank The Institute of Economic Affairs. See the first SAU publication, *Breaking the Spell of the Welfare State: Strategies for Reducing Public Expenditure* by D. Anderson, J. Lait and D. Marsland (London: SAU, 1981); and compare J. Lait and C. Brewer *Can Social Work Survive?* (London: Temple Smith, 1980).

4. By the way, the fundamental shift from trying to prevent mental illness to trying to promote mental health (in a sense radically removed from that original) is further confused and confounded by the characteristic clumsiness of most of the writers. The Editors really do not mean to say, in any sense of the word, what they do say: that they are concerned with "mental health prevention" (p. 18). Nor are we intended, I think, to infer from the reference to "the agency's preventive parenting programs" (p. 174) that it is already in the business of providing contraception and abortion services.

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not a consequence of any kind of mental retardation or mental illness will find the two authors meeting them much more than half way: "Undoubtedly, some individuals who use violence against family members are truly mentally ill. But there is no sound evidence supporting the idea that those who commit violent acts in the context of the family are any more likely to be mentally ill than those who do not, or that mentally ill persons are more likely to commit violence against a family member."

The more particular Chapter Four, "Preventing Child Maltreatment," notices the same objection and makes substantially the same response: "Psychopathology plays a role in some cases of child maltreatment...classified psychiatric disorders appear to be present in only a small proportion of the cases...." The previous chapter concludes, glumly or inspiringly, according to your taste: "Since most of the causes of domestic violence are fundamentally ingrained in the nature of the American family and society, we believe that nothing short of radical change ultimately will be successful in eliminating violence between marital partners." Chapter Four is similarly pessimistic about the effectiveness of any piecemeal, reformist programs of the sort established under the Community Mental Health Centers Act, or, one may add, under any halfway likely successors. It draws the headline moral: "To prevent child maltreatment, prevent social impoverishment".

Chapter Two, "Economic Change in Primary Prevention," like some others, avoids the objection so frankly admitted in Chapters Three and Four by preferring to talk about disorders rather than diseases or illnesses. This conveniently conceals the crucial distinction between, on the one hand, the disfavored and disorderly behavior of agents, and, on the other hand, the afflictions and the incapacities of patients. The authors thus give themselves a free run to propagandize for their own favorite economic policies.

In the first place: "The mental health community should...insist that the private sector recognize its responsibility in proactive prevention of health and behavioral problems"—something which most immediately demands Naderite "social audits" in the accounting of "corporate performance." In the second place: "Claims are already being made that include estimates, for example, of the number of suicides that could have been avoided had full employment policies been in place over the past decade." Since it is clearly part of the hypothesis that these suicides were an active volitional response to unfortunate environmental conditions, they cannot also be put down as symptomatic or expressive of mental illness. Nevertheless, the authors continue: "It is inevitable that the mental health community, especially those involved in primary prevention, will be called upon to contribute to this debate...That contribution will be neither responsible nor informed if the President's Commission's view that the issue is not part of mental health's purview is taken seriously." So there: it may be, and indeed is, the truth; yet it is not, we are told, to be taken seriously.

Antony Flew

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Short Shrift

Myron Lieberman
Public Sector Bargaining: A Policy Reappraisal (Lexington Books, Lexington, Mass.) 1980.

Ten years ago, Myron Lieberman was a person I would have viewed with considerable suspicion. He had been a teacher union member since the late 1940s; a charter member of an AFT (American Federation of Teachers, AFL-CIO) local at the university where he was pursuing his doctorate; author of one of the first academically defensible books to predict and support unionization in public education; a member for twenty years of *both* the AFT and the National Education Association; an active candidate in 1962 for the national presidency of the AFT; and official delegate to the national conventions of one or both of these teachers unions.

But in 1979, he achieved martyrdom of a sort with a refreshingly forthright article that year titled "Eggs That I Have Laid: Teacher Bargaining Reconsidered" (*Phi Delta Kappan*). What is worse, his apostasy has now been confirmed, strengthened, and extended by *Public Sector Bargaining: A Policy Reappraisal*. No longer can we wonder if it is only public sector education in which unionization is suspect and counterproductive; the problem extends throughout the public sector and is intrinsic to the nature of the beast.

Dr. Lieberman is at his very best reviewing the traditional, supposedly unassailable arguments for collective bargaining for public employees: after all, he had himself thought them unassailable through most of his life. Particularly worthy are his remarks concerning the "equity" argument: that is, it is only "fair" that public employees should have a protected right to organize because private sector employees have it and we don't want public employees to be "second class citizens," do we? First, it is not clear that unionization has been so much an unfettered benefit for private sector employees that their public counterparts should wish, without *far* more evidence than we now have, to emulate them. Second, Dr. Lieberman asks, are there balancing benefits public employees enjoy which are foreclosed to their private sector brethren? He finds many areas in which the rights, protections, and benefits in public employment are far superior; moreover, they are most frequently grounded in constitutional provisions rather than created by contract and are hence considerably more stable than are private sector employment terms.

In reality, he argues, public sector bargaining is preeminently a *political* act. Given the high proportion of state and local government budgets (the focus of the book is below the federal level, though much of the analysis certainly applies to federal employment as well) devoted to personnel costs, it follows that public sector bargaining is second only to voting itself as an influence on such critical public policy issues as the level of government services, the size of the budget, tax rates, and so forth. Yet public employees can both bargain *and* vote, while the rest of us are limited to voting. Note in this

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regard that the public unions are nearly unanimous in their opposition to "sunshine bargaining" proposals whereby the rest of us, even if we can't bargain, could at least know what is going on in those hitherto closed door negotiations.

The author is careful to state that his critique is not against public employee organizations, as such: indeed, he endorses the irrefutable notion that, in a democratic society, they have as much right to organize and promote their interests as do any other groupings of like-minded individuals. Dr. Lieberman's brief, rather, is against the unique special nature of public unions as currently organized and protected: it is against an organizational type, a "hybrid union-political party" enjoying rights and privileges denied by statute or practice to the rest of us.

It is of more than passing interest that the current president of the AFT (AFL-CIO), Albert Shanker, was interviewed regarding *Public Sector Bargaining* (in *Education Daily*, December 12, 1980). While characterizing Dr. Lieberman's predictions about what might happen to public sector bargaining in the future as "just plain silly," he went on to provide a powerful argument in Dr. Lieberman's favor—"A lot of things happen in legislators' offices that are not open to the public." Just so. And one of the things going on is intense lobbying by public sector unions, including Mr. Shanker's own AFT.

Mike Lieberman has performed a signal service to all of us concerned with the debate on public sector unionism. Though his newest book is eminently readable and hence recommended for general audiences, one hopes that some person with the resources to do it will see that *Public Sector Bargaining* reaches the policy-maker in particular.

—Dan C. Heldman

Laurence W. Beilenson

Survival and Peace in the Nuclear Age, (Regnery/Gateway, Chicago, 1980.

The author of earlier books on the limits of diplomacy and on subversion (of communist governments), Colonel Beilenson, is a Los Angeles man of law who was a soldier in both World Wars. His *Survival and Peace*, suffused with historical learning, is realistic, very readable, and a sound manual for twentieth-century statists.

"For our survival and peace in the nuclear age," Colonel Beilenson writes, "what should we do? Realize that whatever we do, nuclear war is likely sooner or later. Prepare the best shelter (civil defense) for our population that money and brains can buy. Go all out to develop an active defense. Know that treaties are a trap and avoid them except in the case of *temporary*-settlement treaties and alliance treaties; and understand that they too will be broken. Comprehend that diplomacy is only a patching tool; use it for that purpose, though sparingly, but do not harbor the illusion that diplomacy can do more than patch. Forget SALT. Build up our nuclear deterrent

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to strive for superiority. In short, employ armed might in being as our tool of choice for survival and peace."

You would label Laurence Beilenson as a Hawk? Well, then you would not altogether read him aright, for others might find him a Dove in more respects than one. He recommends that America withdraw from many of her overseas bases, prepare western Europe and Japan to conduct all their own defense, be concerned for America's survival in freedom to the exclusion of other considerations if necessary, and abandon the ruinous notion of guarding the world. America's massive intervention in Vietnam was a ghastly miscalculation, he writes. Our first necessity is to build up our nuclear strength, and to that end large economies must be effected, he points out. "In the real world, those who count a dollar spent for arms as a dollar lost to the social services forget that the indispensable service our government must do for us is to keep us alive and free."

Colonel Beilenson, in short, is no ideologue: he is a bold and rather original thinker, much read in everything from *The Federalist* to the writings of Lenin. This is as convincing a guide to a successful military and diplomatic policy as ever I have encountered. If Mr. Reagan should study it, he might begin to act as John Adams or Theodore Roosevelt acted in their different circumstances: that is, to join courage and prudence in America's external affairs.

Whether discussing the construction of fall-out shelters or the possibility of subverting communist regimes in Africa, Colonel Beilenson writes with assurance and practical knowledge. He has the art of worldly wisdom—and a patriotic heart.

—Russell Kirk

William A. Rusher

How To Win Arguments, (Doubleday & Company, New York) 1981.

The dust jacket contains a quote from that master of oleaginous liberalism, John Kenneth Galbraith: "An interesting and informed treatise. And when you consider the cases the author has to argue, you know that it has to be good."

Not surprisingly, of course, it is good. Mr. Rusher, one of the most articulate spokesmen of the conservative Old Guard, argues with authority and experience, having debated and lectured from coast to coast, in connection with *National Review*, of which he is the publisher, and on the Public Broadcasting Network's series, "The Advocates."

Effectively, Mr. Rusher's book is a Clausewitz on conversation, and it covers everything from establishing the terms of a debate to delivering the *coup de grace* in as clean or messy a manner as you choose. His tactical strategems are useful in debates, whether in a boardroom, a bedroom, or a bar room, and he discusses such things as "The Blunder" (he says back away...and fast!), how to nail down topics or opponents, and how to cope with hostile audiences. The Tory M.P. Lady Astor was being heckled by a Labor Party supporter. "How many toes on a pig's foot?" he shouted. (Transla-

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tion: What can you possibly know about agriculture?) "Why don't you take off your boot and count them?" she retorted.

Mr. Rusher has been at the game for a while and his book is full of memorable anecdotes illustrating the various pedestals or pitfalls to which a speaker can ascend or fall. He cites various victories or gaffs of people he has known from such wits and debaters as William F. Buckley and Ralph deToledano, to those individuals or incidents dredged up through his extensive reading, such as Aristedes the Just and A. E. Housman. The anecdotes, alone, are worth the price of admission.

If the book has a flaw, it is occasional examples of what seems to be the author's snobbish tendencies. He describes his superior officer in the Army: "a major from Alabama with a bandit mustache and a general cultural level reflective, shall we say, of his background milieu." (Egad, Carstairs, throw another peasant on the fire!)

Yet, despite that sort of thing, it is a splendid book and one to be recommended. Mr. Rusher describes a candidate for public office who, after being booed during a debate, challenged anybody in the audience who thought he was lying to come up on the platform and meet him, face to face. Mr. Rusher reports: "The entire audience rose as one man and advanced upon the platform!" Read this book and that won't ever happen to you.

—S. J. Masty

Leopold Tyrmand (editor)
Chronicles of Culture (The Rockford Institute, 934 North Main Street, Rockford, Illinois 61103).

Perhaps Madame Roland was misheard and really said: "O *Literature*, what crimes are committed in thy name!" The present state of literary culture would suggest so—and not just metaphorically. Mr. Jack Abbott's rise to celebrity in the New York literary world reminds us that some writers rather like to think of themselves as outside society, like the criminal, for whom they accordingly display a fraternal regard. This is, of course, a mere pose. They do not refuse social security checks or habitually ignore traffic signals on the grounds that they belong to an adversary culture. Still, is there perhaps a subterranean link between this literary affection for crime and the state of modern culture?

A critic who asserts trenchantly and wittily that there is such a link is Mr. Leopold Tyrmand, the editor of *Chronicles of Culture*, published six times a year by the Rockford Institute. It is his contention—and indeed the founding faith of his magazine—that modern literature feels an affinity with crime because it is itself lawless. It has emancipated itself not merely from technical restraints like metrical correctness in verse, but from the moral and aesthetic chains of taste, feeling, aptness, and common decency, and sometimes from the chains of grammar and syntax to boot.

The literature thus liberated is, in the strict sense of the word, unrecognizable. Without knowing the identity and purpose of the

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writer, we cannot know for sure whether some irregular lines of type are a poem or a hoax. This was demonstrated in Australia when two genuine poets selected random lines from a book on horticulture, published the resultant "poems" under the vaguely proletarian pseudonym "Ern Malley," and sat back confidently to enjoy the respectful reviews (I am tempted to write "reviews") which duly arrived. When the hoax was revealed, the critics—except for one consistent lunatic who stoutly maintained that the "poems" were excellent, whatever their provenance—were naturally indignant. But on what possible grounds? The "poems" were what they had always been. All that had been revealed by the hoax was the inability of professional critics to distinguish literature from nonsense at five paces.

But a literature that is unprotected by clear critical standards will gradually become something else. It may become, for instance, experimental illustrations of the laws of probability as in certain "abstract" poems (and paintings). It is most likely, however, to be infected by the spirit of pornography which—it is useless to deny—can exert an insidious power. (If pornography were really boring, as liberal optimists and would-be sophisticates assert, then no one would read it and a problem would not exist. We cannot imagine people braving social embarrassment and even disgrace to read, say, the mahogany novels of Theodore Dreiser.)

We have recently seen this rot at work in England where troupes of "expert" witnesses have defended the literary merit of books that begin with *Lady Chatterley's Lover* and end with *Inside Linda Lovelace*. Of course, the witnesses made fools of themselves—and worse. After the Anglican Bishop of Woolwich had described the adulterous relationship between Lady Chatterley and Mellors as analogous to "holy communion," Warden John Sparrow of All Souls demonstrated in a scholarly article that this communion had sometimes taken the form of anal intercourse. And a witness in the *Inside Linda Lovelace* trial subsequently admitted that he had not read the book when he praised its literary qualities. A wise precaution, perhaps, but also perjury. He had lied in its defense from a general hostility to censorship of any kind.

Mr. Tyrmand anathematizes this attitude as "liberal nihilism": a refusal to make moral or critical judgments if they seem likely to cast doubt on the absolute value of free speech and aesthetic experimentation. To it he opposes the idea of "normalcy" which is, of course, a flag as well as a word, a provocation, a gesture of defiance against *The New York Review of Books, 60 Minutes, Women's Wear Daily* and all the other organs of designer liberal culture. And *Chronicles of Culture* is, among much else, an elaboration of that defiance: an attempt to set up, at the bloodstained crossroads where politics and culture meet, the traditional American moral and social values, and to protect them with a fence of consistent critical standards against roving bands of *chic* barbarians.

In each issue, Mr. Tyrmand and his repertory of discriminating reviewers apply these standards to the latest effusion of the latest genius with a marvellously sour zest. Words like banal, trivial,

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vapid, pedestrian, travesty, ridiculous, vile, listless, trash, dull, wretched, incoherent, pitiful, and perverse are applied to novels, plays, poems, films, histories, and works of lit. crit. which, according to information helpfully supplied in little boxes alongside, were originally hailed by *Time* or *The New York Times Book Review* as "a breakthrough" or "unfailingly honest." Flashes of insight will suddenly light up some gloomy copse in the literary landscape, as when a review of John Updike's *The Coup* began (I quote from memory): "Here is an example of what is now our principal literary *genre*—the unfunny comic novel." Some item of modish cultural decay—sado-masochistic fashion photographs in women's magazines, for instance—will be recorded in the magazine's *Social Register* or *American Proscenium*, and then made the occasion for a sermon dripping with irony. And Mr. Tyrmand's own editorial reflections on the passing scene are a wholly individual blend of subtle observation and savage polemic.

To borrow an epigram from Miss Cecily Cardew, in times like these it becomes more than a duty to read *Chronicles of Culture*. It becomes a pleasure.

J. O'S.

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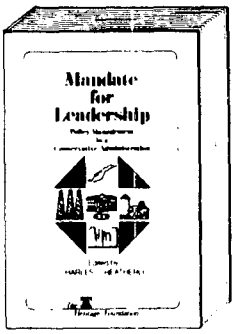

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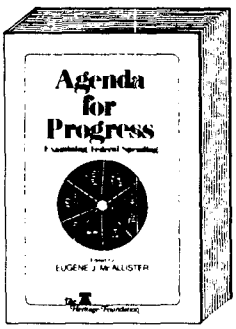

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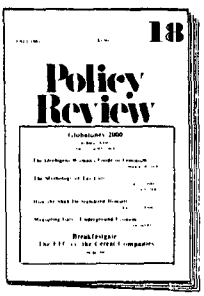

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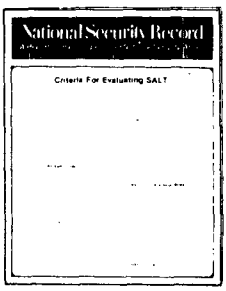

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